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NEWS SUMMARY

GENERAL

Trident cost may rise by £1bn

The Trident missile system, approved by the Commons on Tuesday, could cost 20 per cent more than the planned £5bn.

Decisions on "variables," such as the number of submarines, could push the cost up to £6bn, writes Bridget Bloom.

Studies in the U.S. and UK will not be completed for some months, Defence Minister John Nott is understood to have told a private meeting of the Commons Defence Committee.

Surprise Belfast visit by Thatcher

Mrs. Thatcher made an unannounced visit to Belfast last night to address a meeting of politicians, employers and trade unionists. But the trade unionists did not attend because they said there was no indication of change in economic policies. The Rev. Ian Paisley was away leading a Unionist rally.

Oil spill ruling

The master of the Amoco Cadiz, wrecked off the Brittany coast in 1978 causing the world's worst oil pollution disaster, is to get back his licence. Page 8

Soames sticks

Lord Soames said the Government's 7 per cent pay offer to civil servants is final. Back Page; feature, Page 18; electricity workers, Page 9

Edward Heath ill

Former Prime Minister Edward Heath cancelled all engagements for two months to undergo undisclosed medical treatment.

March 'goes on'

An anti-seal hunt demonstration planned for Monday will go ahead despite a ban on all London marches until the end of March, the organiser said.

Mother found

The mother of a two-year-old girl found on the steps of Folkestone police station was found unconscious after an all-night police search.

Snub to royals

Forty-eight of the ruling Labour group of 70 on Manchester City Council signed a petition to stop any council gift for the royal wedding.

Sea chase

Customs men boarded a tug in the Channel after she was fired on by a French warship. Packages suspected of containing drugs were thrown overboard.

Award winner

Financial Times features and leader writer Anatole Kaletsky was named Specialist Writer of the Year in the British Press Awards. Awards list, Page 8

Furs protest

The Animal Liberation Front claimed responsibility for blood-red paint daubed on shops selling furs in London and Leeds.

Cod stakes

A French ship landed 26,000 stone of fish worth £70,146 at Fleetwood—the port's most valuable catch ever, and enough to make 5½m fish fingers.

Pandamonium

London Zoo's giant panda Chia-Chia was heavily sedated for his flight to Washington to be mated with Ling-Ling because of TV and newspaper excitement at the airport.

Briefly . . .

Three Royal Marine bands will disappear to save money.

Two gunmen killed a police commissioner in Bilbao.

BUSINESS

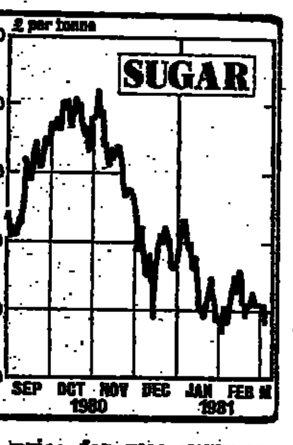
Equities off 3.8; sugar slides

● EQUITIES eased late on the power workers' rejection of their pay offer. The FT 30-share index closed 3.8 lower at 496.2. Page 36

● GILTS were slightly easier. The Government Securities Index finished 0.05 off at 68.61. Page 36

● WALL STREET was down 3.41 at 968.03 near the close. Page 29

● WORLD SUGAR values moved sharply lower on the London terminal market. The daily price for raw sugar was cut by £13 to £242 a tonne. Page 35



● GOLD fell $1 to $463.5. Page 28

● DOLLAR finished easier at DM 2.1350 (DM 2.1375) and SwFr 1.9425 (SwFr 1.9470). But it rose slightly to Y208.80 (Y208.60). Its trade weighted index increased from 100.6 to 100.7. Page 28

● STERLING added 52½ points to close at $2.2040. It was steady against most other major currencies, but rose to FFr 11.0850 (FFr 11.0550). Its trade weighted index advanced to 99.0 (98.7). Page 28

● POWER WORKERS rejected an offer estimated at just under 11 per cent. Page 9

● TGWU gave authority for industrial action to prevent closure of Peugeot-Citroen's Linwood plant. Page 9

● FLIXBOROUGH chemical plant, rebuilt at a cost of £35m after an explosion in 1974, is facing closure. Back Page

● FOREIGN SECURITIES purchases by UK investors increased sharply last year as a result of the strong pound and abolition of exchange controls. Back Page

● COMPANY LIQUIDITY showed a marked improvement in the final quarter of last year, with a more pronounced advance for non-manufacturing companies.

● PERU plans to repay in full the $360m it owes bankers instead of seeking a repackaging of a large part into a medium-term credit as originally intended. Page 25

COMPANIES

● FORD MOTOR of U.S. borrowed more than $1.2bn from its British and West German subsidiaries for its U.S. operations and to repay about $900m debts. Page 25

● DAIMLER-BENZ, the West German motor manufacturer, is paying $225m (£102m) for the manufacturing interests of Consolidated Freightways of California. Back Page

● EUROPEAN FERRIES' bid for Sealink UK and the proposed merger of Hoverlloyd and British Rail Hovercraft have been referred to the Monopolies and Mergers Commission. Back Page

● BARCLAYS BANK reported 1980 pre-tax profits down from £529.4m to £523.5m, but the dividend is raised 20 per cent. Page 20; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Baker Elec.	35	+ 10
Bakers House Strs.	140	+ 12
Crouch (D.)	163	+ 10
Currys	343	+ 11
Davy Corp.	152	+ 4
Hall (M.)	358	+ 6
Heath (C. E.)	222	+ 8
Hunting Assoc.	227	+ 7
Kode Int.	293	+ 8
Ransomes Sims	160	+ 4
Roberts Adlard	103	+ 7
Rothmans Int.	50	+ 3½
Sangers	62	+ 6
Sharpe (W. N.)	268	+ 23
Smiths Inds.	304	+ 7
Textured Jersey	38	+ 6
Tomatin	102	+ 6
Willis Faber	307	+ 10
KCA	185	+ 5
Malakoff	151	+ 12
FALLS:		
Berisford (S. & W.)	162	− 9
Bibby (J.)	272	− 12
Campari	46	− 5½
Gill & Duffus	168	− 7
GKN	139	− 4
Highland Dist.	91	− 6
Reardon Smith A	162	− 16
Ryan Hotels	13	− 2
Sovereign Oil	415	− 15
CRA	214	− 4
Cons. Gold Fields	420	− 5
Gencor	775	− 25
Gold Mines Kalglie	310	− 10
Impala Platinum	325	− 10
Marievale	143	− 26
Venterspost	455	− 45

Polish authorities harden attitude against dissidents

BY CHRISTOPHER BOBINSKI IN WARSAW

SIGNS OF new hard-line policies which threaten to disrupt the three-week-old ceasefire between the Polish authorities and the Solidarity trade union emerged yesterday when Mr. Jacek Kuron, a well-known Polish dissident and influential union adviser, was detained for six hours.

He was taken to the prosecutor's office and charged with "publicly defaming the Polish nation, the Polish People's Republic, the state system and its highest organs."

He is to report to his local police station in Warsaw twice a week and was told that from now on he will be under police supervision.

Action against Mr. Kuron came as the Polish Communist Party expelled a prominent dissenter, Mr. Zbigniew Ivanov. He is one of the leaders of a new movement pressing for democratic reforms inside the party.

Another sign that the party hard-liners, encouraged by the stern Soviet attitude, are gaining the upper hand, was the exclusion of any reference to the rights of Polish farmers to form a trade union in the draft of a new union law published yesterday.

The clamp-down came on the morning after the return of the Polish party delegation from talks in Moscow with Soviet leaders.

A communiqué published after the meeting indicates that the two sides agreed that Mr. Stanislaw Kania, the Polish Party leader, should crack down on what the Soviets see as "chaos and anarchy" in Poland and act against the danger of "reaction and imperialism."

The Solidarity praesidium, an 11-man steering group which meets in Gdansk twice a week, reacted to the news of Mr. Kuron's detention by ordering an extraordinary meeting of the union's national committee in Warsaw on Saturday.

The charge brought against Mr. Kuron carries a possible sentence of between six months and eight years. Many charges, including anti-state activities, have been brought against him since 1976.

In that year Mr. Kuron helped to found KOR, a human rights group devoted to helping workers persecuted after strikes and demonstrations against food price rises.

Meanwhile, Mr. Lech Walesa, the Solidarity leader, spent yesterday in Nowy Sacz in southern Poland waiting for a Government commission which failed to turn up for talks on allegations of corruption brought by the union against local officials.

In Lodz, 120 kilometres west of Warsaw, the local union branch has announced a strike alert over the allegedly unfair dismissal of five of its members at a hospital supervised by the Interior Ministry. The branch will decide whether to take strike action on Saturday.

In Bielsko Biala, Solidarity yesterday demanded the dismissal of Mr. Richard Dziopak, the manager of a factory which produces Fiat 126 cars.

Workers in Siedlce, east of Warsaw, are also threatening strike action, Reuter reports.

Solidarity said workers would paste the town with posters and hang out the national flag to protest at the continued detention of seven right-wing dissidents.

● U.S. intelligence has confirmed that the Soviet Union plans to begin large-scale military troop maneouvring in and around Poland later this month, Reuter adds.

Party trouble, Page 2
Editorial comment, Page 18

Western loans of £4.9bn sought

By Peter Montagnon, Euromarkets Correspondent

POLAND disclosed yesterday that it is seeking $10.9bn (£4.9bn) in loans from the West this year, of which about $3.4bn will take the form of new export credits guaranteed by Western governments.

The country has not disclosed how much it took from the West in 1980, but last summer it said borrowing needs for the whole of last year amounted to $7.7bn.

Pending an agreement on the 1981 credits, Poland is asking Western banks to provide $1bn in short-term bridging finance in addition to the unspecified amounts of short-term money already being supplied by Western governments.

Polish officials also told a meeting of Western bank creditors in London yesterday that the country has received $1.1bn in medium and long-term aid from the Soviet Union since January.

A substantial portion of this, believed to be about $600m takes the form of an indefinite credit on which no interest is being charged, making this sum effectively a grant, although this description is not being applied officially.

The bulk of Poland's 1981 requirements will, however, be met by re-scheduling credits maturing this year so that repayment can be deferred.

Yesterday's meeting of about 70 leading banks was asked to refinance about $3.1bn of debt falling due this year. Also publicly revealed for the first time was a request to Western governments to reschedule $4.4bn in official debt.

Poland hopes to defer payment of the official debt which basically takes the form of export credits, for 10 years with some capital starting to be repaid after a grace period of five years.

The untied financial credits would be rescheduled over eight to 10 years with a grace period of four to five years.

Initial reaction of Western bankers attending the meeting was muted. Their willingness to reschedule this year's maturities will be heavily dependent on an assessment of the viability in the current political climate of the economic stability programme

Continued on Back Page
Euromarkets, Page 25

CBI calls for £6bn public spending boost

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

THE Confederation of British Industry yesterday launched a new campaign to change the direction of the Government's economic policies with demands for a £6bn increase in public spending during the next four years.

It also paved the way for a significant change in its own policies by calling for the development of a more positive industrial strategy in which "sunrise industries" would be picked out for special attention.

These proposals were presented in a new policy document called "The Will to Win—Britain Must Mean Business." The CBI published it just five days before Tuesday's Budget in order to increase political pressure on the Government.

But CBI leaders are unlikely to find many of their proposals in the Budget and may even be disappointed by the limited measures included to cut either energy costs or the national insurance surcharge.

This will then pose a difficult political problem for Sir Terence Beckett, CBI director general and other CBI leaders, who will have to balance their members' traditional support for the Government with growing alarm about the decline of industry.

The document has been drafted with the intention of shocking the Government, company managements and trade unions into action. At the same time, the CBI has been intentionally modest in its estimates of what its plans would achieve.

While warning that unemployment will top 3m by the middle of 1982 and approach 3.5m in 1985, if Government policies and company practices are not changed, the CBI suggests that its proposed reforms would bring the total down to a little below the present 2.4m by 1985.

"We are all in this mess together and we all have certain things to do to put it right," said Sir Terence yesterday as he launched the document which includes more than 70 proposals for Government and industry.

He denied that the CBI was launching an attack on the Government with its proposals aimed at "reducing unemployment, increasing investment, and returning the British economy to prosperity by the second half of the 1980s."

The document was welcomed last night by the new Council for Social Democracy as "a major contribution to getting the industrial debate back on the right lines."

The National Federation of Building Trades Employers also supported the proposals, but Aims of Industry, the right-wing ginger group, said they were a "recipe for inflation unless preceded by massive cuts in Government spending and a 'no lame ducks' policy."

The proposal to increase Government spending is intended to: provide pump-priming capital projects, especially construction and transport schemes; to take 500,000 people off the unemployment register through early retirement and youth opportunity schemes; and to increase aid to industry for research, development and leasing of high technology developments.

The CBI proposes extra Government spending amounting to £1.5bn above present plans in the current year, rising to £6bn extra in 1984, by which time the Government would have had to face a total bill for £15bn. The CBI denies that this is inflationary and says the TUC's demands for an immediate £6bn injection into the economy are of a totally different magnitude.

The idea of picking "sunrise industries"—another name for "winners"—is only floated tentatively because of possible opposition from CBI members.

But Sir Terence showed his own strong personal preference for such a positive policy yesterday. He described the idea as "a rational basis for making choices" about industry and added: "Those who say one shouldn't take a more positive attitude are really saying that Japan Inc. will rule the world—in no way do we accept that."

He envisages a council of businessmen and union leaders set up along with a secretariat which would be entirely independent of the Government. It could publish reports on what sectors should be backed by industry and Government. Oil exploration, aerospace, electronics, biotechnology, and telematics were the sort of industries he would expect to be picked out by the body which he likened to the Government's industrial development advisory board.

Details, Page 6; Men and Matters, Page 18

Monetary policy attacked by MPs

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE DESIGN and conduct of the Government's medium-term financial strategy have been strongly criticised by an all-party committee of MPs. The strategy was "not soundly based" and the monetary and public sector borrowing targets for the last year were "over-ambitious," it said.

The Treasury and Civil Service Committee of the Commons, chaired by Mr. Edward du Cann, the Conservative MP for Taunton, questions the theory and practice of monetary policy which the Government believes is central to the conquest of inflation.

The 100-page report casts doubts on the major plank of the Government's approach. This is obviously embarrassing for Sir Geoffrey Howe, the Chancellor, particularly as the report, signed by leading Tory backbenchers, is published just before Tuesday's Budget.

There was no public reaction yesterday from the Treasury but it is clear that senior policy-makers believe the report is unfair, confused, misunderstands the medium-term strategy, and fails to offer any alternative.

The report has been prepared after a year's inquiry involving the submission of a vast quantity of evidence. The result is, in effect, a text book on monetary policy.

The tone of the report is highly sceptical about official claims, but it makes relatively few proposals about possible improvements.

Members of the committee yesterday stressed the need for flexibility. The report, in particular, welcomes the move away from sterling M3, the broadly defined money supply, as the sole monetary indicator.

To some extent this call for flexibility is already being reflected in adjustments of the Government's approach to sterling and interest rates.

The main controversy concerns the committee's criticisms of the design of the strategy and its doubts about the general impact of monetary policy.

In particular, the committee is not convinced that there is a direct causal relationship between the growth in the money supply and inflation. This is the key tenet of "monetarism."

The report also questions whether monetary policy can affect inflation without resulting in a large loss of output.

In detail, the committee questions the emphasis placed on public sector borrowing and argues that there are risks attached to such a subordination of fiscal policy to monetary targets.

Looking at the record over the past year, the committee says it is clear from the evidence that there has been no true "monetarist experiment."

This is because the Government has not used its policy instruments to the fullest extent; the upward pressure on interest rates last year was moderated and public sector borrowing was not cut to the level which was said to be consistent with its monetary target.

Details, Page 8; Parliament, Page 10; Editorial Comment, Page 18

£ in New York

—	Mar. 4	Previous
Spot	$2.2100-2120	$2.2070-2090
1 month	0.33-0.40 pm.	0.58-0.65 pm.
3 months	2.20-2.30 pm.	2.65-2.75 pm.
12 months	7.80-8.00 pm.	8.30-8.50 pm.

International credit venture deal

BY MICHAEL LAFFERTY AND ALAN FRIEDMAN IN MONTE CARLO

AN UNPRECEDENTED re-alignment in international retail banking payment systems was announced here last night. It involves an agreement in principle by leading U.S. and European banks on a joint venture in travellers' cheques and plastic payment cards such as credit cards, debit cards and "travel and entertainment" cards for wealthy people.

The deal was agreed by Mastercard, the U.S.-based international payment cards organisation and several thousand European banks represented by the Euro Travellers Cheques Group and Eurocard, a travel and entertainment organisation.

A new worldwide traveller's cheque will be launched within a year, based substantially on the UK Thomas Cook operation which the European banks have bought for about £14m. The cheque will probably carry the emblems of the European banks and Thomas Cook and the Mastercard symbol.

A new worldwide travel and entertainment (T&E) card will also be launched, based on the Eurocard.

The deal also brings in to some extent the Eurocheque scheme which was the first of the European payment systems to be launched and is especially popular on the Continent.

In the last year or so, an increasing number of the world's major banks have decided to expand their retail banking operations in the 1980s. The struggle for international market share is a key element in achieving this.

Yesterday's alliance includes all the leading commercial banks in West Germany as well as the Credit Agricole and the Credit Agricole group of savings banks in France.

In the UK the Midland Bank will be the main issuer of the new cheques which will be among the world's top three cheque systems. Midland will also probably become the first UK issuer of the Eurocard.

NatWest owns the UK franchise of Diner's Club, recently acquired by the New York-based Citibank. As a result, NatWest may also be forced to join Eurocard.

Barclays Bank, which issues Visa credit cards and travellers' cheques, is close to a decision on whether to enter the UK T and E card market—probably with a new Visa card.

Lloyds Bank has recently signed a deal with American Express, the world's largest T and E card issuer. Yesterday's realignment represents a threat to American Express, whose T & E card and traveller's cheques could be squeezed between two mammoth payment system groups — the Euro/Mastercard alliance and Visa.

The agreement was described last night by Dr. Eckart Van Hooven, the Deutsche Bank architect of all the European payment systems, as "the best possible outcome" of a strategy which the European banks have been seeking to achieve for several years. Dr. Van Hooven said agreement had been made possible as a result of Mastercard's acceptance of "the principles of independence and equality which we feel are necessary to preserve our autonomy."

Mr. Russell Hogg, chief executive of Mastercard, said he too was very pleased with the deal.

CONTENTS

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Polish party expels campaigner for change

BY CHRISTOPHER BOBINSKI IN WARSAW

THE POLISH Communist party leadership has signalled its readiness to crack down on pressure for democratic change inside the party by expelling Mr. Zbigniew Ivanov, one of the movement's leaders. Trybuna Ludu, the party newspaper, said yesterday that the party central control commission has upheld last November's decision by local party authorities in Torun to expel Mr. Ivanov for his activities.

Despite his expulsion, however, there is still a chance that his supporters may elect him as a delegate to the annual party congress due later this year. Unofficial estimates suggest that, given the current mood, up to 20 per cent of the delegates could be chosen independently of the central leadership's control if the congress were held soon.

The party authorities are preparing a campaign of individual interviews with members as an attempt to identify and intimidate dissenters. There is also a move supported by Mr. Stefan Olszowski, a noted hardliner, to delay the congress until after the summer. Reformers have been pressing for a congress as soon as possible and party organisations in Gdansk, for example, want it held by May 15.

The hardliners are also in favour of bringing to a close the grassroots-inspired campaign against corrupt party officials.

Mr. Ivanov a 32-year-old engineer from the Towimor works in Torun, led the strike there last summer and subsequently was elected head of the factory's party organisation. Since then, he has been active in organising a consultative committee of grass-roots party organisations independent of the local party authorities. The movement aims for more control over officials by rank-and-file members and has spread to large factories and at least seven towns like Poznan and Gdansk.

Mr. Ivanov's party cell has refused to recognise he is no longer a party member and the rank-and-file movement in Torun is expected to continue to treat him as such.

The final decision to expel him came this week as the Polish party delegation, led by Mr. Stanislaw Kania, was holding talks in Moscow with Soviet leaders. The tenor of the subsequent communique suggests that Moscow has made it clear it will tolerate no more liberalism inside the Polish party and no further concessions towards Solidarity, the independent union.

The communique spoke of "anarchy and chaos" in the country and said that the Soviet Union and the other Eastern European countries would "offer all the necessary help to Socialist Poland and Polish Communists radically to cure the situation." It also noted that "Polish Communists have the strength and the possibilities to reverse the course of events and liquidate the dangers which hang over the Socialist achievements of the Polish nation."

Difficult talks expected for Poland and banks

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

POLAND has launched the second major part of its 1981 borrowing programme. Yesterday's request to commercial banks for a rescheduling of \$3.1bn (£1.3bn) in debt falling due this year means negotiations are taking place alongside those with Western governments which have been asked to refinance about \$4.4bn.

Few bankers were surprised by Poland's request and few doubt that agreement will eventually be possible, but it is generally acknowledged that the talks between Poland and its bank creditors will be even more complex than those involving the governments.

In part this is simply for logistical reasons. About 70 banks took part in yesterday's meeting when the request to reschedule was made. Scores more have money outstanding to Poland, and all must collectively agree to any final arrangement.

POLAND'S 1981 FOREIGN BORROWING PROGRAMME FROM THE WEST

The funds required	\$bn	and how they will be supplied	\$bn
Current account payments deficit	3.4	New export credits	3.4
		Rescheduling of credits from banks	3.1
Of which: net interest payments on foreign debt	2.6		
Trade deficit	0.8	Rescheduling of official debt*	4.4
Debt repayments falling due	7.5		
TOTAL	10.9		10.9

* Of which repayments due in 1981 of export credits contracted in 1980: \$0.8bn.

The criteria by which individual banks will take the decision varies from case to case. Some, especially those in countries such as Germany and Austria whose banks have close links with their respective governments, may come under strong political pressure to accede to Poland's request.

Others, such as U.S. banks, place a much greater emphasis on their responsibility to shareholders.

Some of these banks may decide that it is more prudent banking practice to run down their exposure to the country, a move which would place an even greater burden on those who are forced to continue to lend either for political reasons or because their existing commitments are so large they dare not turn off the tap.

All this means that it will be difficult for Poland to raise even the \$1bn short-term bridging finance it is seeking from the banks on a basis proportionate to their existing commitments.

There seems to be little doubt that a final agreement to reschedule will take longer than Poland assumes. It cannot in any case come before governments take their own decision to reschedule, and Poland's hopes fo ra simultaneous agreement were described as optimistic by the banking community yesterday.

The meeting has, however, cleared the air. The banks are in the process of forming a steering committee which will take the negotiations further.

It is also clear that Poland recognises it cannot ask the banks for new medium term money. Requests for new funds in 1981 are going entirely to governments and all the banks will have to do is defer repayment of loans already disbursed.

Poland puts its total debt to the West at the end of 1980 at \$23bn. About 40 per cent of this was in dollars, 20 per cent in D-Marks, 20 per cent in Swiss Francs and 20 per cent in other currencies.

Something over 40 per cent of the total represents debt officially guaranteed by Western government usually at subsidised rates of interest.

For this reason, Poland is paying an average rate of interest of 11.5 per cent on its foreign debt and has escaped the worst effects of last year's steep rise in Eurodollar interest rates.

Farmers' hopes for union fade

By Our Warsaw Correspondent

HOPES THAT the Polish authorities will recognise the right of the country's 3.5m private farmers to their own trade union faded yesterday when a draft of the new union law was published.

Until last December the draft law, prepared jointly by the Government and the independent unions, like Solidarity, stated that Poland's smallholders had trade union rights. But, at official insistence, this reference was dropped and the two sides agreed to differ. The authorities now say they are opening the question for "public discussion."

This opens the way for a protest campaign by Solidarity, which is committed to the issue, but leaves little hope that the Government will concede the point.

Parliament is due to examine a law on rural self-government today. This, too, contains no reference to trade unions but only to "farmers' circles," which are under official control and which the authorities hope farmers will see as representing their interests.

Representatives of Rural Solidarity, the independent farmers' union which claims more than 500,000 supporters, are due to meet in Poznan on Sunday to discuss further moves.

● Under new rules for passports, which take effect in April, Poles will receive a passport valid for three years allowing them to travel in all countries of the world, the newspaper Zycie Warszawy said yesterday, according to AP. Only a brief application will be required.

HINTS OF GROWING SOVIET IMPATIENCE

Assault begins on country's new freedoms

BY DAVID SATTER IN MOSCOW

Mr. Kania: meeting with Soviet leader.

YESTERDAYS DISTURBING developments in Poland, coming immediately after a Polish-Soviet summit meeting which promised that "reaction" would meet a "resolute rebuff," indicate that the long-awaited effort is under way to whittle away the country's new found freedom.

Observers are now weighting every Soviet official statement for signs of a readiness to invade Poland.

During the Soviet party congress, which ended this week, Kremlin leaders intensified the psychological pressure on Poland's independent trade unions

Mr. Leonid Brezhnev, the Soviet President, said in his keynote address to the congress, that the pillars of the Socialist state in Poland were not in jeopardy and promised that it would not be abandoned in "its hour of need." Significantly, however, he omitted any expression of confidence that Polish leadership could solve the crisis.

A few days later, Mr. Stanislaw Kania, the Polish party leader, told the congress that they could handle the present crisis but he depicted the situation in pessimistic terms.

The Polish Communist party had "the will and the strength" to prevent "counter-revolution" in Poland but was very grateful to the Soviet people for "their understanding and confidence that we will be able to solve our problems

The atmosphere of increasing tension was completed with the summit meeting between Mr. Brezhnev and Mr. Kania at which the two men reaffirmed the Brezhnev doctrine. According to this, Socialist states have the right to intervene where Socialism is threatened.

Throughout the Polish crisis, Soviet public commentaries have assumed a life of their own as an instrument of pressure able to influence events inside Poland from afar. Hints of growing Soviet impatience may some day presage a full-scale invasion but, for the moment, they appear to be intended as the necessary background to an attempt by the Polish party to win back some of its lost ground.

Dancer denies Izvestia account of defection

BY OUR MOSCOW CORRESPONDENT

A FORMER Bolshoi Ballet dancer, Mr. Yuri Stepanov, who defected to the U.S. last year but returned voluntarily to the Soviet Union, yesterday denied a report in Isvestia, the Soviet government newspaper, which quoted him as saying that U.S. officials tried to recruit him as a spy.

Mr. Stepanov said the Izvestia description of his defection was a falsified account based on information taken from lengthy interrogations of him after his return by the KGB security police.

He said he made only a few references to his case in a half-hour meeting with two Isvestia correspondents, and he denied telling them that he returned to the Soviet Union out of homesickness and a sense of disgust with life in the U.S.

He returned because he feared reprisals against his family if he stayed abroad, the dancer said. He denied saying, as Isvestia reported: "I hoped my country would forgive me."

Mr. Stepanov said he wanted to explain the circumstances of his defection because he was angered and depressed by the long account of his "repentance." which appeared without his permission in Isvestia last April. That article claimed that he had denounced as intelligence agents Americans who helped him in the West.

The Soviet Press periodically publishes "confessions" and pleas for "forgiveness" by dissidents who recant their views. But Mr. Stepanov's statement was the first known case of the subject of such an article publicly denying the remarks attributed to him in the official Press.

The dancer said he decided to defect because of what he felt was the humiliating position of artists in the Soviet Union who were forced to endure personal abuse by artistic directors in order not to lose coveted opportunities to perform abroad.

He was one of six present or past members of the Bolshoi Ballet who defected in late 1979 and early 1980 in a wave of highly publicised defections which led to tighter regulations for touring Soviet artistic groups.

Mr. Stepanov said that, after his defection, he was helped by representatives of the World Church Service, whom Izvestia said he later concluded were connected with the U.S. Central Intelligence Agency. He denies having made the remark.

Brussels lowers growth rate prediction

By Giles Merritt in Brussels

THE BLEAK economic forecasts for 1981 produced by the Brussels Commission towards the end of last year have been sombrely revised.

According to a document passed to member states, the European Commission's prediction of a 0.6 per cent growth rate in the Community this year has been changed to minus 0.6 per cent.

The British economy, not surprisingly, features prominently among the more slashing revisions made by the Brussels economic analysts in their up-date. The UK's declining gross national product (GNP) had originally been slated to drop by 0.6 per cent, but is instead expected to repeat the 2 per cent reduction of 1980.

The Commission calculations also show that the unemployment projections made last autumn prove to have been over-optimistic.

The Community's average joblessness rate for this year has been re-set at 7.4 per cent, as against the 6.8 per cent outlined in its 1980 annual economic report. For the UK, the original 8.2 per cent unemployment rate cited for 1981 has been increased to 9.8 per cent.

The latest EEC economic review, which is due to be discussed by member governments this month, emphasises that the third quarter of this year will be the earliest point for any upturn in economic activity, which is six months later than originally expected.

It anticipates that for the 12 months beginning with the second quarter of this year, the Community will achieve a positive growth rate of about 2 per cent.

AP adds: The Commission yesterday proposed to lend Spain 100m European currency units (£55m) a year until it joins the Community, to ease its adaptation to the market.

The Commission added a political comment, saying it "reaffirmed its will to move rapidly to integration of the young Spanish democracy in the European Community."

Leak at French uranium plant 'only minor'

By Robert Mauthner in Paris

A LEAK of uranium hexafluoride from a defective valve at the Eurodif uranium enrichment plant at Tricastin in the Rhone Valley was described as "minor" by the management yesterday.

The valve was immediately isolated and its repair did not stop production at the plant. Any contamination that might have taken place was restricted to the chamber in which the incident occurred and did not affect staff at the plant, the management said.

The incident was the second of its kind at the Tricastin plant within the past two months. An explosion occurred in one of the factory annexes on January 13, though the management denied claims by the trade unions that several people were subjected to dangerous doses of radioactivity.

The Eurodif leak followed an announcement that one of the reactors in a gas graphite nuclear power station at Saint-Laurent-des-Eaux, in central France, had been closed for about three weeks following the discovery of a faulty computer mechanism.

Dutch Minister sees big EEC farm price rise

BY JOHN WYLES IN THE HAGUE

Mr. Braks: support from Paris.

EEC AGRICULTURE Ministers are set to adopt farm price rises higher than the 7.8 per cent proposed by the European Commission and also to reject, or water down, its suggestions for reducing over-production.

This authoritative forecast, which is bound to alarm the new Commission, was given here yesterday by Mr. Gerrit Braks, the Dutch Farm Minister, who is currently chairman of the Community's Council of Agriculture Ministers.

His prediction was supported by reports from Paris where M. Pierre Mehaignerie, the French Minister, said a 12 per cent increase in the prices guaranteed to farmers for their produce would be a "good level."

Mr. Braks' judgment was based on informal talks with his colleagues and the Ministers' initial discussion last week of the Commission's price and policy proposals.

It means that the growth in spending on agriculture over a full year would almost certainly be higher than the 10 per cent budgeted by the Commission, while consumer food prices would be bound to rise by more than 2.5 per cent.

If, in addition, Ministers change the balance of the Commission's package by rejecting some of the most wide-ranging economy measures it has ever proposed, then the Commission may be forced to consider withdrawing its proposals and risk precipitating a full-blown crisis with the Council of Ministers.

But the Commission never expects all its proposals to be adopted and much depends on the extent to which Ministers tamper with the basic elements. Mr. Braks signalled yesterday that the Dutch Government was not looking for major changes and, although some of the price increases would be higher, he thought an overall double-digit rise "would be dangerous."

Equally important is the fate of the Commission's economy proposals. It wants heavy taxes on surplus milk production and also proposes to remove, or reduce, price guarantees for a range of other commodities if production rises too far.

Mr. Braks did not think such an approach to cutting cereals production would survive ministerial opposition and he was not optimistic about its chances in other sectors.

Nevertheless, the Dutch Minister was sanguine about the future outlook for the common agricultural policy.

There was more elbow room than expected within the EEC's budget ceiling—current Commission estimates suggest a margin of £1bn—and the CAP was being much better managed. With world food prices rising, and therefore the cost of EEC export subsidies declining, he thought the CAP's share of the Community budget could fall from around 70 per cent at the moment to below 60 per cent "over the next two to three years."

He argued that this would reduce pressures for a radical restructuring of the EEC budget in negotiations which begin later this year.

Among other things, his view tends to support the view that outside the UK there is no great political demand in the Community for drastic surgery that would swiftly release more EEC funds for spending in non-farm sectors.

Netherlands approves two sites for landing LPG

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH Government has approved two sites for the landing of Liquefied Petroleum Gas (LPG), reversing an earlier decision limiting landing to only one terminal.

Approval has been given for a new joint British Petroleum/Shell terminal at Rotterdam, and for an existing facility owned by Eurogas at Flushing.

The Government originally decided that for safety reasons, LPG could only be landed in Rotterdam's Europort, where sophisticated radar and other equipment reduced the risk of an explosion to a minimum. The Economics Ministry, however, favoured the development of more than one terminal.

BP and Shell plan to spend Fl350m (£67m) on a terminal with initial capacity of 2m tonnes a year, rising to 4m or 5m tonnes. They intend to build a new harbour for tankers up to 75,000 cu metres capacity and onshore storage tanks with 150,000 cu metres capacity.

Eurogas Terminals, which is jointly owned by the Van Ommeren shipping group and Thyssen-Bornemisza, the industrial holding company, operates an 18,000 cu metre capacity terminal at Flushing.

Plans to expand capacity to 300,000 cu metres have been trimmed because of environmental objections and a decline in demand for LPG. Only a further 110,000 cu metres of extra capacity is now planned.

The Flushing terminal is reached by the Westerschelde, a busy estuary carrying much traffic to the Belgian port of Antwerp.

Terminal operators will be required to deliver LPG to their customers by pipeline, though they will be able to use LPG barges initially until the pipelines have been built, the Government has decided.

The Netherlands expects demand for LPG, as a replacement for naphtha as a chemicals feedstock and for use as a car fuel, to increase over the next few years. By designing approved terminal sites, it hopes to limit the risks involved in transporting and unloading LPG.

Economic pressures are threatening two cherished principles, writes **Jonathan Carr**

Trade and interest rates: Bonn changes tack

WHAT IS the West German Government up to? First Herr Hans Matthoefer, the Finance Minister, urges international interest rate disarmament, although inflation is still high in the countries he would like to take this action, particularly the U.S. Then Count Otto Lambsdorff, his Economics Ministry colleague, warns that Bonn might be forced to curb imports of state-subsidised steel from other European Community countries.

It is not surprising if many people wonder if the West Germans are starting to abandon two of their most cherished principles, whose virtues they have underlined to other states for years. Those are, that the war on recession and unemployment can be won only by defeating inflation, and that trade protectionism is liable to turn disastrously against those who practice it.

One U.S. official plaintively asked his West German counterpart the other day just what Bonn expects from America. A year ago, the West Germans were encouraging the U.S. fight against inflation, and said they saw the Federal Reserves support for high interest rates as a key element. Now Bonn was complaining that U.S. rates were intolerably high. Where was the logic in this, the American asked?

There are two main answers, one constantly and publicly emphasised, the other rarely stressed on grounds that it would tend to create alarm. The first, conventional, point is that the West German current-account deficit almost tripled last year and that high U.S. interest rates make the financing of that deficit harder by attracting funds away from Deutsche Marks into dollars.

Imports boost

This in turn weakens the West Germany currency, boosts the import bill and increases the danger of imported inflation. There is clearly much in this reasoning, although it is not so long since the Bundesbank (the Central Bank) was complaining that it was hard to keep domestic money supply and inflation under control because the dollar was weak and needed Central Bank intervention support.

The second and broader point is that the Western world may be entering a far more serious economic recession, marked simultaneously by high inflation, high interest rates and massive unemployment, than the one which followed the first oil crisis.

It is agreed that in principle high interest rates must eventually force down inflation. But can the Western democracies sustain the political and social strains in the meantime? In a nutshell, it is agreed that a tight money policy in itself is highly desirable. But what if the patient is strangled?

This amounts to a plea for moderation, greeted with irony by some of those who used to be told by the West Germans that if you gave inflation an inch it would take a yard. But behind the plea lies an implicit warning. The West Germans fully agree they have a serious domestic unemployment problem, but it is less serious than in several partner countries. They note that key interest rates are high by traditional West German standards but low by international ones. (That at least, applies to the nominal rates, and it is those at which the market is gazing.) They say they would deplore imposition of capital, tourism or any other controls, which are against their whole economic philosophy.

Nonetheless, the argument runs that if there really has to be an interest rate/exchange rate/economic stability competition in the Western world, then West Germany has more scope for manoeuvre than most of its partners and rivals. For example, it would certainly hurt economically and politically if the Bundesbank were to drive up discount and Lombard rates by a few more percentage points (although Bonn could partly shelter behind the argument that conservative forces were at work in the independent Central Bank, over which it has limited influence). But it would hurt still more in partner countries where interest rates are already very high but would have to rise still further to match the West Germans.

Wearing thin

It is clear that Bonn would hate to see this, but it is also plain that it patience is starting to wear thin. As on interest rates, so on steel. There is a strong tactical element in Count Lambsdorff's warning about a curb on steel imports from other Community countries. He is partly using it as stick to encourage the Community to move more quickly on reorganisation and rationalisation of the steel market.

But it would be wrong to dismiss it all as an empty threat.

The West Germans feel they are not simply the biggest but in many respects the most efficient Community steel producer. They say they have gained this position largely (not exclusively) through the efforts of the mainly private companies involved, not through state aid.

They insist that for years other Community Governments have been subsidising their steel industries, in clear violation of the treaty establishing the European Coal and Steel Community. Bonn will not be drawn into the big subsidies business, partly on ideological grounds, partly because it does not have the available cash. That leaves two alternatives. Either other Community members stop subsidising, albeit over a transitional period, or Bonn starts to bar subsidised steel imports with which West German producers cannot compete.

The West Germans would infinitely prefer the first course, but if that were to fail the pressures to take the second would be strong indeed. The West Germans long ago found a political voice in international affairs to match their economic strength. That voice is now gaining an abrasive edge as economic pressures mount.

Count Otto Lambsdorff: seeking faster action on EEC steel industry.

Key industry expects output to fall by 4%

BY KEVIN DONE IN FRANKFURT

WEST GERMANY'S mechanical engineering industry, the single most important industrial sector, yesterday issued a stark warning that production could fall by at least 4 per cent this year.

As the country's largest industrial employer, with a workforce of some 1.1m and sales last year of DM 121.8bn (£26bn), the sector is deeply concerned that sharply rising interest rates in West Germany are beginning to squeeze the life out of the economy by weakening industry's ability to maintain or increase its capital spending.

Investment in capital goods was one of the main factors underpinning economic growth in West Germany last year, but this, too, is now being hit by the gathering recession.

The level of new orders taken by mechanical engineering companies in November-January was in real terms 5 per cent below the corresponding period 12 months earlier.

In January alone the value of new orders taken, tumbled in real terms by 11 per cent compared with a year earlier, with domestic orders down by 15 per cent and foreign orders down by 7 per cent.

Deepening the gloom gathering over the West German economy, the lower activity in mechanical engineering meant that 44,000 workers in the sector were on short-time by the middle of February, up from 34,000 in December. The industry warned yesterday that the number could double by the summer.

As the country's biggest exporter—foreign sales totalled DM63.1bn last year compared with imports of DM 22.4bn—the mechanical engineering sector is pessimistic, too, about West Germany's chances of reducing its large current account deficit.

Herr Tyll Necker, president of the industry federation, said it would be wrong to expect the weaker D-Mark to give a significant boost to exports because the most important customer countries were also suffering from falling economic activity which was cutting their imports of capital equipment.

He strongly attacked the Government for failing to act to secure confidence in the country's economic future. This was one of the most important factors working to undermine the value of the D-Mark.

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Bani Sadr leads attack on Iran revolutionaries

BY TERRY POVEY IN TEHRAN

THOUSANDS OF supporters of Mr. Abol-hassan Bani Sadr, the Iranian President, yesterday obeyed his orders to attack a group of fundamentalists trying to disrupt a rally he was addressing in Tehran.

The rally was called to mark the anniversary of the death of former Prime Minister Mohammed Mossadeq, a major nationalist figure. The dominant Islamic Republican Party led by Ayatollah Mohammed Beheshti, has many times attacked nationalism, a source of support for the President.

Some 300 or 400 fanatical adherents of Islam screamed and shouted through the President's opening remarks. After appealing for police help to no avail, Mr. Bani Sadr said to the 150,000-strong crowd: "I ask the people to deal with this themselves."

Immediately, several thousand of the crowd leaped the surrounding walls of the meeting place and battled with the fundamentalists. For up to an hour individuals were dragged through the crowd and thrown, often with blood streaming from their faces, to waiting police.

As the numbers of those arrested grew, Mr. Bani Sadr read out documents and identity cards found in their pockets.

"This one is from the Revolutionary Committee in Tehran," he said. "Here's another from the Revolutionary Guard."

The crowd chanted slogans against the Islamic Republican Party. "Death to Beheshti" was heard over and over again. As the rally drew to a close, Mr. Bani Sadr made an emotional appeal to the crowd.

"This is your city, these are your streets, security is in your hands, please stay calm. These people are trying to get their revenge by waiting outside the universities. If they try anything, now it's your turn to act."

The fact that Mr. Bani Sadr directly identified those arrested with his political opponents, brings relationships between them to a new low. So many of those arrested were from the revolutionary institutions, that the President's actions will be seen as a challenge to their rights to operate.

For almost two years small groups of Islamic fanatics have had a free hand in attacking meetings and demonstrations. Yesterday was the first time that they were on the receiving end. The fact that it was Mr. Bani Sadr that ordered this will not be forgotten and the coming days are bound to see an attempt to redress the balance.

Philippines opposition rallies to Aquino

BY EMILY TAGAZA IN MANILA

MR. BENINO AQUINO, the Filipino political leader in exile in the U.S., who has come to symbolise opposition to President Ferdinand Marcos, yesterday became a rallying point for opposition parties in the Philippines, following his decision to return from exile to challenge the President in elections due in three months' time.

Leaders of the United Democratic Opposition (UNIDO)—an umbrella organisation of various opposition groups — have disclosed that they will give full backing to Mr. Aquino's candidacy.

Mr. Lorenzo Tanada, a UNIDO leader, said Mr. Aquino was prepared to return to prison in Manila — he was sentenced to death by a military tribunal in 1977 on charges of murder, subversion and illegal possession of firearms—and will campaign for the Presidency from his cell.

Mr. Aquino left prison in May last year when President Marcos allowed him to go to the U.S. for heart surgery. He promised not to conduct any political campaign while abroad, and to return immediately on recovery.

The decision to support Mr. Aquino could be very important for UNIDO, and may help overcome the many divisions that separate member-groups on major issues. Mr. Aquino will be both a rallying point and a source of strength and stature for the opposition.

UNIDO has no illusion that its campaign will gain any victory. Its resources and manpower are dwarfed by President Marcos's widespread and well-funded machinery. Mr. Gerardo Roxas, UNIDO's co-chairman, said: "We know we will lose. Marcos will see to it that he will win."

There are, moreover, constraints on Mr. Aquino's candidacy. The Philippine constitution will by the date of the election probably require that the President should be at least 50 years old at the day of his election. Mr. Aquino, who is only 48, would be automatically disqualified from the race.

The age requirement has been the subject of negotiations between Mr. Aquino's group and President Marcos. Mr. Tanada, representing Mr. Aquino in talks with the President, has urged him to lower the age requirement to 40 years.

If Mr. Aquino is barred from running, the opposition has said it will boycott the election. President Marcos cannot savour the prospect of running uncontested.

Ford is warned on black progress

By Quentin Peel in Johannesburg

THE FORD motor company in South Africa, which last year was the scene of a prolonged strike by black workers, has been praised in an independent study for its "exemplary" labour relations since then. But it has been warned that little progress has been made with real black advancement.

The study, carried out by five academics on behalf of the South African Institute of Race Relations, urges the company to introduce positive discrimination in favour of black workers, to help overcome their inferior education.

Although the recommendations are highly controversial in South African terms, and could provoke a backlash from white workers, Mr. Fred Ferreira, Industrial Relations Director of Ford, said the company was likely to accept them all.

But the report was criticised by the two major black trade unions at Ford, who claimed the company was still "too paternalistic" in its attitude, and failed to negotiate on all relevant issues.

The study is the second to be carried out at Ford by the same team of researchers, and is far less critical than the original report. But it warns between members of management who believe in implementing the Sullivan principles—the code of fair labour practices adopted by most U.S. multinationals in South Africa —and those who regard them as a nuisance.

While the study praises Ford for taking "major steps" to implement equal pay for equal work, and in desegregating work facilities, it says the company has made little progress in promoting blacks to management positions—partly because of circumstances beyond its control.

Also, the number of Africans and Coloured workers in skilled jobs on the factory floor has increased only slowly—from 4 per cent to 5.4 per cent for Africans, and from 12 to 13 per cent for coloured workers.

The report says the attitudes of white middle managers and supervisors are a major stumbling block to black advancement. Training for such jobs, it adds, should include race relations training.

Extra training facilities should be provided for young blacks

The report praises Ford for recognising two black unions, one officially registered and one unregistered, rather than seeking to favour one body.

But union reaction has been more cautious. Mr. Freddie Sauls, general secretary of the National Union of Motor Assembly and Rubber Workers, criticised the report for judging Ford by the yardstick of the Sullivan Principles.

The resources boom is bringing Canberra problems, writes Colin Chapman in Sydney

Storm gathers over the aluminium smelters

AUSTRALIA'S multi-million pound venture into aluminium smelting, which the Government and Opopsition see as the foundation for restructuring Australian industry, is heading into trouble on two counts. A storm of protest is gathering from environmental groups, but more seriously the Australian Treasury is challenging the state governments' wisdom in offering electricity to multinational aluminium producers which is not only well below marginal cost but is being sold in deals which will strain Australia's resources.

Today in Canberra, Mr. John Stone, guru of the hard-line monetarist policies pursued (successfully) by Mr. Malcom Fraser's Government, is to present a submission to the Senate which will highlight Treasury worries about the resources boom.

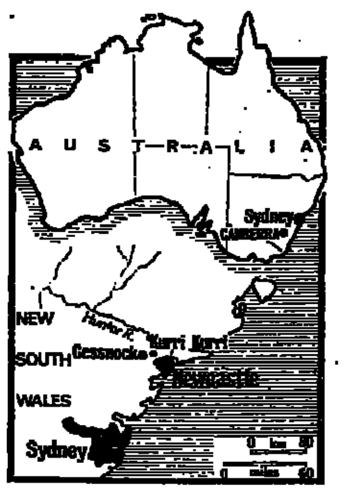
Nearly £3bn has been allocated for expanding the aluminium industry in the next four years, in a frenzy of development which the Department of Industry expects will reap aluminium exports of 950,000 tonnes, worth £700m at current prices. The significance of the exports is that if the alumina required for that amount of metal was instead exported it would be worth only £25m.

But expanding the industry will require investment on a scale that is large even in a country used to accommodating large capital inflows. As the Department of National Development put it recently to a Senate committee: "Expansion will involve massive investment: perhaps Aus.$30m-35m (£57m-£66m) by 1985 in bauxite mining, more than Aus$1.3bn in alumina refining, and some Aus.$2.8bn by 1985 in aluminium smelting. Looking further ahead, the figures will be even larger. Power for the smelters may involve the investment of a further Aus$3.1bn in generation plant over the decade to 1990."

The aluminium majors' move to Australia was prompted by spiralling energy costs in the northern hemisphere, particularly Japan, and the attraction of cheap coal-generated power, a ready supply of bauxite, and a stable political climate.

But in the scramble to attract aluminium producers to Australia—there are seven firm commitments so far and three not so firm—the four major states bid against each other to offer the lowest electricity tariffs. The most cut throat competition was over who would get the £320m Alumax smelter, and the battle was between those states that are the bitterest of rivals: New South Wales and Victoria.

Mr. Melville Wran, the colourful and competitive Labor premier of New South Wales, desperately needed the smelter to complete a chain of three planned in a region of high unemployment, the Hunter Valley, 100 miles north of Sydney.



Mr. Neville Wran: his promises of cheap power brought the multinationals to the Hunter Valley.

So, in 1977, he successfully offered Alumax, who are in a consortium with BHP and Alfari of Japan, a tariff of 1 cent a kilowatt hour, two-thirds below the cheapest rate Victoria's Liberal Premier Mr. Ralph Hammer could offer, and substantially below the marginal cost of producing the electricity.

It seemed Mr. Wran was counting on a set of escalation clauses, based on construction costs of power stations, interest rates, fuel and labour rates, pushing up this below-cost rate to a tariff which would either show a slight profit or at least allow the New South Wales Electricity Commission to break even.

But, by the vagaries of economics, the smelter tariff rate had by the end of 1980 risen through escalation clauses only 0.2 cents a kilowatt hour to 1.2 cents, whereas the marginal cost of producing the power had leapt to 1.5 cents. The real cost was nearer that charged to most industrial consumers, 3.4 cents.

Under criticism from the Treasury, and amid hints that loan approval for some of the capital works for new power stations might be withheld, the New South Wales Government tried to renegotiate the electricity contract with Alumax, reportedly seeking a price of 1.8 cents a kilowatt hour. Alumax promptly indicated it would "re-examine" its plans to build the smelter.

Meanwhile, the New South Wales Government is having second thoughts about trying to win higher power prices. As one of its supporters, Mr. Eric Fitzgibbon, the Labor mayor of Cessnock, a few miles from where the smelter would be sited, put it: "It means jobs, and if it is a question of subsidising power and providing jobs I know what I think is right."

The Treasury is also angry because most states have withheld from it details of their power contracts with the aluminium producers. It is urging Mr. Fraser to insist, at coming talks with the state premiers, that power should be priced at economic levels.

The aluminium companies keep their counsel, but seem far more concerned about the possibility of escalating power prices than a flurry of protests from environmentalists, even though one group has gone so far as to raise the conservation issue in the U.S. courts.

The £300m Pechiney smelter at Tomago is passing through the planning inquiry stage relatively quietly, but 10 miles away, the planned £50m expansion by Alcan at Kurri Kurri has hit difficulties since the company conceded that fluoride emissions at the existing plant have been greater than expected.

This has added to the alarm of the Hunter Valley wine growers about the Alumax proposal which, if it goes ahead, will be at Lochinvar, only four miles from some of the areas producing wines which have won prizes across the world.

Although it is established that fluoride damages neither the grapes nor the plant through the soil, fluoride fallout affects photosynthesis, eventually stunting growth.

The wine growers, however, have not yet resorted to the tactics of the Conservation Council of West Australia, which has brought an action in the Pittsburgh District Court in Pennsylvania against Alcoa and Reynolds Metals, seeking an injunction to prevent them from mining bauxite in the state's Jarrah Forests. Apart from the injunction, the conservationists also want the U.S. Federal Court to stop the flow of capital from the companies to Australia.

The Conservation Council has launched a public appeal for the court costs estimated at about $50,000, for the first case in American legal history to involve a foreign-based environmental group.

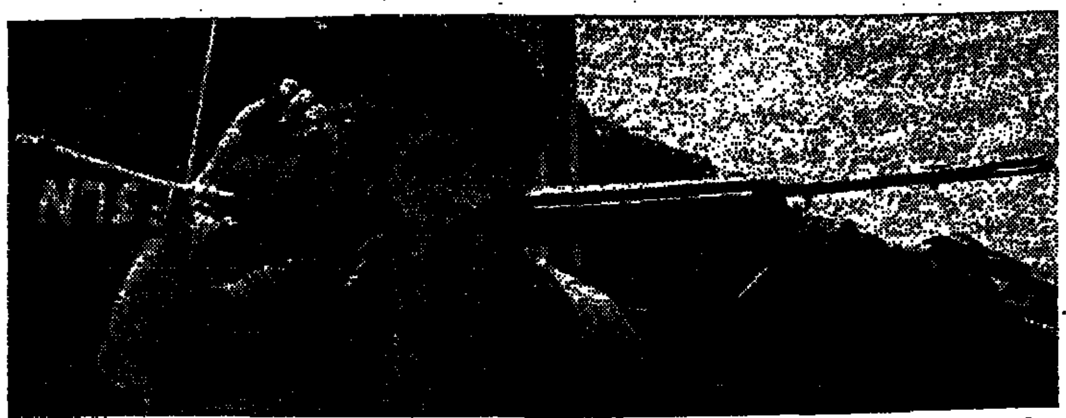
Both the Federal Government and the Western Australian Government say the court has no legal jurisdiction on what happens in Australia. But it remains to be seen how the aluminium producers will act if the case against them, due to be heard this month, is successful on their home ground.

AMERICAN NEWS

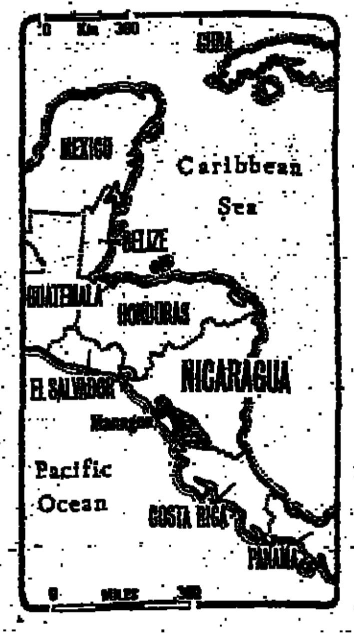
SPLITS APPEAR IN THE ANTI-SOMOZA COALITION

Nicaragua's revolution goes on the defensive

BY WILLIAM CHISLETT, RECENTLY IN MANAGUA



The victorious Sandinista guerrillas still face problems from former Somoza supporters in Honduras.



EVERY EVENING, several hundred workers, housewives, teenagers and civil servants gather at an abandoned, dusty airstrip in Managua. Under the glare of floodlights and against a background of revolutionary songs, they are given basic military training for Nicaragua's new militia.

Soldiers from the Sandinista People's Army, which 18 months ago spearheaded an insurrection against the Somoza dynasty and overthrew a long-standing U.S. ally, instruct small groups on how to use Czechoslovak-made BZM-52 semi-automatic rifles.

In the distance, the sky is lit by a giant, illuminated portrait of Gen. Augusto Sandino, the national hero after whom the Sandinistas are named, and who unsuccessfully opposed U.S. intervention in Nicaragua in the 1920s.

His portrait, with the famous wide-brimmed hat, is attached to the only high-rise building which survived the 1972 earthquake.

"We are not on the offensive, but the defensive," said a Sandinista militia instructor. "We are prepared to defend our revolution to the last man."

The formation of a 200,000-strong militia—including one in every 12 Nicaraguans—to supplement a 40,000-strong regular army reflects the growing mood of nationalism created by tension with the U.S. and growing internal problems, particularly with the disenchanted private sector.

By the time the Sandinistas overthrew Gen. Anastasio Somoza, they had united nearly all sections of Nicaraguan society, from businessmen to peasants to the Catholic Church, against the military ruler.

So far, the Nicaraguan coalition has more or less held together, but is under increasing strain. With El Salvador becoming the focal point of American foreign policy, the Nicaraguan Government is coming under growing U.S. pressure to stop channelling arms to the guerrillas. The Sandinistas privately admit they are supporting the insurgents, but not to the extent claimed by the U.S.

Many Republicans in the U.S. Congress and the White House condemned President Jimmy Carter's sympathy for what they regarded as a Marxist government, and the remaining $15m of a $75m credit granted by the previous Administration has been suspended. Another $10m to buy wheat has been put under review.

The Government's failure last year to present a timetable for elections has also aroused concern abroad and in the private sector. Businessmen originally supported the revolution, despite the Marxist convictions of some Sandinista leaders, because it assured the continuation of a mixed economy. But most businessmen are now refusing to co-operate with the Government until "the rules of the game" are defined. The almost total absence of capital investment since the revolution has held up economic recovery and is testing the Sandinistas' patience.

Nicaragua also has a guerrilla problem of its own: some 4,000 of Gen. Somoza's former National Guards who sought sanctuary in neighbouring Honduras have recently been making sallies into their old homeland.

This combination of problems has led to a struggle among the Sandinistas over whether a more moderate or radical course should be followed. The private debate is against a background of rising expectations, caused by the revolution's promises to improve the country's appalling health, housing and education services.

But the economy was shattered by the civil war against Gen. Somoza, in which 50,000 died and the gross national product fell by 35 per cent. The aspirations will be hard to satisfy.

Nicaragua obtained about $300m in multilateral development loans last year, and has commitments for the same amount in new loans this year. But the demands of investment to repair the ravages of war and earthquake are so great that a foreign exchange problem could well develop later in the year.

Even if real growth rises to the projected 18 per cent in 1981 from 10 per cent last year, gross national product will still be below the level of 1977, the last year of normal conditions.

Many Nicaraguan officials believe the Sandinista leaders will be forced to adopt a more pragmatic approach towards Washington. Mr. Alexander Haig, the U.S. Secretary of State, said the Sandinistas had promised this week to cut down their involvement in El Salvador.

While pragmatism appears to be gaining strength in Nicaragua's dealings with the U.S. there is no sign of an internal rapprochement with the private sector, which still controls 60 per cent of the economy.

Disaffected businessmen snipe at the Government every day in their newspaper, La Prensa. A group of U.S. lawyers, who recently visited Nicaragua to look into foreign investment were told not to waste their time.

"Any businessman whose profits are based on production and not low wages has a future," said a Government economist. "They should be putting their country first and their pockets next."

However, an internal Government document suggests the Sandinistas may have to step up the State's participation in the economy if expectations are to be fulfilled.

Whether the Sandinistas do concentrate more of the economy into their hands will depend upon whether a lasting pact can be made with the private sector to boost production, and this means political and economic concessions on both sides to break the present deadlock.

Defence move 'example to allies'

BY DAVID BUCHAN IN WASHINGTON

THE U.S. should set an example to its NATO (North Atlantic Treaty Organisation allies in putting more resources into defence, and approval of the higher military budgets proposed this week by President Reagan would put the U.S. in a position to urge Europe to spend more on defence, a leading Republican Senator said yesterday.

Senator John Tower, who chairs the Armed Services Committee, said he believed Congress will pass the proposed $32bn (£14.4bn) increase in military budget authority for the current and 1981-2 fiscal years.

But the Senator said the defence increase proposals should be examined quickly by Congress, lest they suffer in any public backlash of opinion which President Reagan has against the swingeing cuts planned in domestic programmes.

Nonetheless the Senator, whose committee has a pivotal role in approving defence budgets, believed Congress was in a military-minded mood, as shown last year by its unusual move to increase President Carter's defence spending plans by some $6bn.

While Republicans formally control the Senate, Senator Tower also believed "we have a substantive majority" in the House on defence issues, with many conservative Democrats "as hawkish as I am."

Once Congress has approved the Reagan defence plans, "we will urge Europe to do more," the senior Senator from Texas warned.

The Reagan Administration is claiming its proposals would increase defence spending in the current fiscal year, ending September 30, and in 1981-82 by 6-7 per cent in real terms in each year.

Although that claim turns on more optimistic assumptions about inflation than the Carter Administration projected, U.S. spending will still be substantially above European levels.

Development of the controversial neutron warhead is an Energy Department responsibility and not included in the Defence Department budget plan.

In the current and forthcoming defence budgets, some $4.5bn has been allotted for the rapid deployment force. Part will go to improve runways and ports in Somalia, Kenya, Oman, and Diego Garcia, which is leased from Britain. The U.S. has some form of written agreement with each country.

New York wins bond rating

By Our New York Corresopndent

NEW YORK CITY, its finances now in better shape, recovered its status as a secure investment yesterday from one of the leading credit rating agencies, for the first time in nearly six years.

Standard and Poors assigned a triple B rating to the city's approximately $6bn (£2.7bn) of bonds outstanding. This means that pension funds and trust accounts can buy the bonds again. S and P suspended New York City's rating in April 1975, when it was a single A.

The new rating, though low, is an important initial step in the city's plans to make its first bond issue later this month without the backing of Federal or state guarantees.

Citibank says economic package is worth the risk

BY DAVID LASCELLES IN NEW YORK

TWO utterances from Wall Street yesterday on President Reagan's economic package underline the difficulty the financial community is having with its assessment.

Citibank, the largest bank in New York, said the package is a gamble, but that it is worth the risk. However, Dr. Henry Kaufman, the influential economist at Salomon Brothers, reiterated his belief that the Reagan Administration should concentrate, above all, on balancing the budget.

The Citibank view was contained in its monthly economic report, which said that the case for tax cuts is so persuasive that it might even be worth going ahead with them before cutting expenditures.

The bank's economists argue that the main objection to this, the danger that tax cuts without spending cuts would touch off an inflationary boom, is slight because the economy is likely to be sluggish this year anyway. The Federal Reserve is also almost sure to reduce the growth in the money supply.

Citibank argues that fiscal drag and increased social security contributions will also eat into real disposable incomes this year.

Dr. Kaufman, however, gave voice to the worries of a large segment of the financial community that going ahead with tax cuts before the spending side has been brought under control will only aggravate the problems of high inflation and interest rates.

Democrat group seeks more cuts

BY OUR WASHINGTON CORRESPONDENT

Forty conservative Democrats yesterday went to the White House and "out-Reaganed" the President by proposing another 11.2bn (£5bn) spending cuts in addition to the $49bn savings which the Administration has already requested in the current and 1981-2 budgets.

The White House meeting was part of a drive by the President to undermine formal Democratic control of the House of Representatives, with an ad hoc alliance on various economic and defence issues between Republicans and several dozen conservative Democrats.

The Democratic group suggested the extra $11bn savings could be made by changing the price index used to calculate cost of living increases to pensioners ($2bn), arranging private financing for the Government's strategic oil reserve (savings of $7.4bn over two years), a further 10 per cent cut in foreign economic aid amounting to more than $600m and a few other small steps.

Mr. Reagan was reported to have said the Democrats' proposals "had made his day." But it is highly unlikely he would take the political risk of altering pension payments. However, Mr. Reagan and his Republican advisers have cause for satisfaction in the evident Democratic disarray on public spending cuts—with Liberals in that party arguing that the President had gone too far and conservatives that Mr. Reagan has not moved far enough.

Paradoxically, Conservative Democrats were less keen yesterday on Mr. Reagan's 10 per cent a year over three years cut in income taxes.

Canada oil companies 'overcharged by £4.6bn'

BY VICTOR MACKIE IN OTTAWA

THE major oil companies in Canada have overcharged the consumer an estimated total of C$12bn (£4.6bn), the Canadian Government's Combines Investigation Branch has found in a report made public in Parliament.

The alleged excess profits would have amounted to C$89bn had they been invested at the normal rate of return, according to Mr. Robert Bertrand, director of the investigation.

The report identifies the alleged main offenders as the four major integrated oil companies operating in Canada—Imperial Oil, Gulf Canada, Shell Canada and Texaco Canada.

It also accuses five smaller regional companies, BP Canada, Irving Oil, Chevron Standard, Suncor and Petrofina Canada.

The major oil companies denied the charges, and said they welcomed the opportunity to prove their innocence at a public inquiry which Mr. Andre Ouellet, Consumer Affairs Minister, told Parliament he would call.

Schmidt to visit U.S. in May

By Jonathan Carr in Bonn

HERR HELMUT SCHMIDT the West German Chancellor, will visit the U.S. from May 20 to 23 for talks with President Ronald Reagan. It will be the first meeting between the two leaders since the President took office, although they held private talks in Washington last November

Those discussions went well and Bonn has since noted approvingly the praise for West German defence efforts made in Senate testimony by Mr. Alexander Haig, the Secretary of State.

Comments however by other members of the U.S. Administration on such topics as the neutron weapon and the future of negotiations with Moscow have caused some German concern.

Herr Schmidt will be looking for a firm assessment at the highest level of the course of U.S. policy

Herr Schmidt will, in turn, be able to report on the results of his trip to Saudi Arabia at the end of next month, where he will be sounding out the views of a key oil-producing state on the future stability of the Gulf region. The Saudis are interested in buying arms from the Germans but any deal is now likely to be secured only in the context of a broad Western effort to meet Saudi Arabia's defence needs.

Herr Schmidt will be preceded in Washington by what amounts almost to a transatlantic shuttle service of West German Ministers and senior politicians. Count Otto Lambsdorff, the Economics Minister, makes the trip today, Herr Hans Dietrich Genscher, the Foreign Minister will be going on Sunday, and Herr Hans Apel, the Defence Minister, at the end of this month.

French strategy set to combat threat from Japan

BY TERRY DODSWORTH IN PARIS

THE FRENCH Government made clear its determination to defend the country's key industrial sectors against Japanese imports, in a detailed statement of its trading relationship with Japan.

The statement, described as "firm but forward looking," is aimed at setting a framework for responding to the Japanese export drive in France and Europe, which began to hit French companies seriously last year.

The objective, it says, is "to attain a balanced situation responding to the mutual interest of the two countries." But the Government has made it clear that this "balanced" approach will, on no account, be allowed to threaten those sectors where it is working to develop and diversify French industry.

Although these areas were not identified, the statement undoubtedly refers to the high technology industries which the Government is currently planning to back with public finance. These embrace electronics, offshore technology, the bio-industries, robotics, energy-saving equipment and office information systems.

In addition, the French have made a special case of the car industry, where an administrative dictat imposed a 3 per cent limit on Japanese sales four years ago, along with colour television sets on which a quota of 88,000 units has been imposed to help the Thomson Group in its plans to develop a pan-European industry.

France only began to take the international Japanese trading threat seriously about a year ago. But since then, it has reacted extremely vigorously, appointing a former ambassador to Tokyo, M. Francois Missoffe, to go into the problem in depth, while seeking to rally European opinion, particularly over the future of the car industry.

The French Department of Industry recently collaborated in a joint report with Germany on the trading situation, and the French point of view will not be fed into an EEC committee looking at the possibility of concerted action.

At the same time, France is aiming to develop its exports to Japan. When expressing the hope that the Japanese authorities will "create the right conditions to open up their domestic market," the French Government is to establish an industrial unit in Tokyo to collect information on the Japanese economy and industry.

Reagan Administration split on Japan car import curbs

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

A CLEAR DIVISION has emerged in the Reagan Administration over whether or not to negotiate or impose restrictions on Japanese car imports.

The split appears to be on classical lines, with the economists in the Government arguing that such curbs are unwise and inflationary, and the cabinet secretaries whose bailiwicks are most affected maintaining they are politically advisable and helpful to the struggling U.S. car industry.

On Wednesday the dispute surfaced in public. Mr. Bill Brock, the Special Trade Representative, said that import restrictions might be acceptable, though the Administration remained committed to free trade principles, he said. "There are times when you have to take some steps backward in order to go forward."

He was supported later in the day by Mr. Malcolm Baldrige, the Secretary of Commerce, who said the U.S. car industry "needs some running room to take care of the present situation."

Mr. Drew Lewis, the Transportation Secretary, who is currently preparing a report for President Reagan on the question of car imports and aid to the domestic industry, is also understood to favour some curbs, as is Mr. Raymond Donovan, at the Labour Department.

But the other side of the coin was forcefully put in Congressional testimony on Wednesday by Mr. Murray Weidenbaum, Chairman of the Council of Economic Advisers, who said: "The worst answer was to erect barriers against Commerce," because they fuelled inflation.

"For too long, we have acquiesced in Government policies—like trade restrictions—that individually add 'only' two- three- or five-tenths of one per cent to the consumer price index."

Using rhetoric similar to that espoused by the President, Mr. Weidenbaum decried the "steady stream of concessions to special interest groups who are oblivious of the harm done to the American consumer."

On the basis of announced policies so far, the Weidenbaum school, with support from the Treasury and the budget office, seems to have the upper hand after all. In his economic package last month, President Reagan proposed decimating — from \$2.7bn to \$350m — the trade adjustment assistance programme designed to help workers displaced by import competition.

The divisions are likely to get a further airing next week when the International Trade Sub-committee of the Senate Finance Committee opens hearings on a Bill that would limit Japanese car imports to 1.6m a year for the next three years.

Mr. Brock said the Administration believed this Bill took the wrong approach since it would tie the Government's hands in bilateral trade negotiations with the Japanese.

Japanese car imports last year amounted to 1.8m units, and imports have continued to do well in the opening months of this year. In February, for example, they captured 29 per cent of the domestic market, with Japanese companies commanding the lion's share.

Although domestically-produced car sales rose at the end of February, largely because of substantial dealer discounts and company rebates, over the full month imports rose by 4.4 per cent while U.S. sales of domestic models fell by 4.6 per cent.

Tokyo takes steps to resolve its vehicle export difficulties with U.S.

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

JAPAN'S plan to solve its car export problems with the U.S. through formal Government-to-Government negotiations took shape yesterday with the announcement that Dr. Saburo Okita, the Government's Special Trade Negotiator, would be in charge of talks starting within two weeks.

In the final stages of negotiations—assuming that the government's provisional schedule is adhered to—Dr. Okita will hand over to Mr. Rokusuke Tanaka, Minister of International Trade and Industry. Mr. Tanaka will also have the responsibility for persuading the Japanese motor industry to accept any agreement arrived at with the U.S.

The division of labour between Dr. Okita and Mr. Tanaka was decided last night at a meeting presided over by Prime Minister Zenko Suzuki. Before the meeting both MITI and the Ministry of Foreign Affairs had been insisting on their exclusive right to conduct the negotiations. Dr. Okita's position as Special Trade Representative places him under the authority of the Foreign Ministry.

Before embarking on formal negotiations with the U.S., Japan hopes to obtain a clearer idea of the Reagan Administration's thinking on the problem. This should become available before the end of this month with the publication of a report on car import problems being prepared by a committee chaired by Mr. Drew Lewis, the U.S. Transport Secretary.

The Japanese are assuming that the Lewis report will provide a starting point for negotiations. If the report fails to indicate any need for discussion at a Government-to-Government level MITI will, presumably, continue its present practice of issuing "forecasts" on a quarterly basis of its car exports to the U.S.

Japan's anxiety to tackle the car export issue through formal discussions with the U.S. derives partly from the desire of Prime Minister Suzuki to avoid a "linkage" between cars and defence during his May summit with President Reagan.

Another motive for the Government's apparent haste could be the fear that the car problem will become even more difficult to settle.

MITI officials, in particular, appear to believe that the bankruptcy of Chrysler Corporation could seriously weaken Japan's bargaining position.

In planning the strategy for the talks in Washington, Japanese officials are assuming that there could be a "trade-off" between the type of measures used to restrain exports and the number of cars that the U.S. may be willing to admit.

A legally enforced system of restraint allowing, for example, 1.7m passenger cars to be shipped to the U.S. in 1981 would be preferable, as Japan sees it, to a system of non-legal export "guidelines" which allowed for the shipment of only 1.6m vehicles.

Japan exported 1.82m passenger cars to the U.S. in 1980 but this figure is not expected to be equalled this year.

Mr. Tanaka (right) . . . key role in talks.

India under pressure to cut import bill

BY K. K. SHARMA IN NEW DELHI

THE INDIAN Government is under increasing pressure to cut the high import bill — estimated at £6.3bn in 1980-81 — which is fast eroding foreign exchange reserves.

Its decisions are being closely watched by foreign companies which have substantially enlarged sales to India recently as a result of the Government's more liberal import policy.

The first step towards restraint was the imposition of an acros-the-board duty of 5 per cent on all imports except edible oil, and petroleum products announced by Mr. R. Venkataraman, the Finance Minister. This was the main revenue raising measure taken by him in his annual budget presented to Parliament last weekend.

The object, apart from raising tax revenues, was to discourage imports by making them costly. The only item on which a higher import duty of 15 per cent was imposed is newsprint because the foreign exchange cost on this has been rising rapidly.

But the rise in import duties will not be sufficient to close the deficit in the balance of payments on current account which is estimated at Rs 20bn (£1.1bn) in 1980-81. It is expected that foreign exchange reserves will be drawn down by £330m as a result. This would have been higher but for credits last year from the International Monetary Fund of £450m.

The new import policy for 1981-82 will be announced on April 1 and hopes are that it will not be necessary to cut imports of essential capital and intermediate goods and raw materials since these are needed to maintain the tempo of industrialisation and modernisation of plant. This is considered necessary to increase production and keep Indian industry competitive.

UK imports of textiles fall by 7%

By Rhys David

IMPORTS of textiles and clothing into the UK fell by about 7 per cent in weight last year but, with British mills producing 20 per cent less, overall import penetration increased again.

The U.S. managed to increase exports to the UK by 20 per cent over 1979 and 111 per cent over 1978, to 81,000 tonnes. Imports from the EEC fell by 6 per cent to 271,000 tonnes, and the low cost producers saw their tonnage drop by 15 per cent to 228,000 tonnes.

Exports by the UK textile industry held up reasonably well over the year, falling by only 5 per cent in tonnage, while in clothing, a modest 3 per cent increase was achieved. In the final quarter, however, there were signs that a sharp fall-off had set in with exports down 20 per cent including a 9 per cent drop in clothing.

The statistics — compiled by the British Textile Confederation — show that the biggest volume reductions in imports occurred in yarns and fabrics which fell back by about 20 per cent largely as a result of the decline in activity in the clothing industry

Krupp wins £8.1m contracts for desalination

By Roger Boyes in Bonn

THE WEST GERMAN Krupp Group has won DM 40m (£8.1m) worth of contracts for the supply of desalination plants to Abu Dhabi and Libya, the latest in a series of major orders booked from oil-producing Arab countries.

A DM 20m contract with Abu Dhabi is for a floating desalination work — effectively a barge that can be moored off the coastline and capable of purifying about 2.5m litres of water daily.

It is the first such order to be won by a German company. The remaining DM 21m worth of orders are for stationary desalinators to supplement the water supply at Mersa el Brega where a large petrochemical complex is being built.

Last month the group announced that it is to lead a consortium to build an electro-steel works in Libya at a cost of DM 1.5bn and it is also supplying processes to be used in another large Libyan steel project. Other orders have recently been received by Krupp subsidiaries from Oman.

TDA urged to go ahead with Airbus orders

BY RICHARD C. HANSON IN TOKYO

EUROPEAN diplomats are attempting to bring pressure on the Japanese Government to prevent the smallest of Japan's domestic airlines TOA Domestic Airlines (TDA), from backing out of a large order for European Airbuses.

TDA has informed Airbus Industrie that it will be forced to delay the delivery of three Airbuses, scheduled for 1982, by two years, and that it would like to cancel orders for three more aircraft due to be received from 1983.

Earlier this week, TDA put into service the first of three Airbuses it has already taken delivery of. It claims, however, that restrictions on expanding its route system will make additional Airbuses unprofitable to operate in Japan for the time being.

The Airbus problem came into public view this week after TDA told an Airbus Industrie vice-president, in Tokyo for the opening ceremonies, of its intentions.

But the EEC has been quietly pressing the Japanese Government on the potentially volatile issue since the start of the year, including a reference to it at the high-level consultations on EEC-Japan trade held last month.

The diplomatic offensive was stepped up this week when representatives from the West German, French, Dutch, British and the EEC in Tokyo paid urgent visits to the various Government ministries concerned.

Commercial vehicles at all time monthly low

COMMERCIAL VEHICLE production in Britain in February reached the lowest monthly level for more than 30 years, the Department of Industry reports today.

The seasonally adjusted output of commercial vehicles in February was 17,200, down even from the very low 18,700 in January.

"There has not been such a low monthly total since the late 1940s," said the Department.

The February figure compares with an output of 43,600 for the same month last year when commercial vehicle sales were still booming. It therefore represents a drop of more than 60 per cent in one year.

None of Britain's commercial vehicle plants have been working at anything like normal levels this year; job losses are widespread and one company, of its two truck plants. Seddon Atkinson, is closing one

The Department's figures show that in contrast car output picked up a little in February to 76,000 on a seasonally-adjusted basis from the 68,000 in January and the bottom of the trough, 57,000 in December.

However, the total was 26 per cent below the 103,000 for February last year, reflecting the buoyant market conditions at that time.

Public hearing on air fare rises

THE Air Transport Users' Committee, watchdog for consumer interests in air travel, has objected to plans by a number of UK airlines to raise domestic air fares from April 1. The Civil Aviation Authority is to hold a public hearing into the applications in London on March 18 and 19, possibly extending into March 20.

Objections to the proposed rises, which will range up to about 15 per cent, have also come from the Northern Ireland Tourist Board, Belfast City Council, Ulster Tourist Development Association, and the National Consumer Council.

Investment-seeking body for Scotland

A NEW investment-seeking body for Scotland, designed to streamline the present arrangements for attracting companies from abroad, was announced yesterday by the Government.

It will be called Locate in Scotland, and will bring together staff from the Scottish Development Agency and the Scottish Economic Planning Department, whose roles have often overlapped in the past. Its first director will be Mr. Dick Burns, 57, who is now an assistant secretary in the Scottish Office in Glasgow.

Trident TV change fails IBA approval

A QUESTION mark has appeared over Trident Television's proposals to meet Independent Broadcasting Authority conditions for the retention of TV franchises by Trident subsidiaries, Yorkshire Television and Tees Television.

Trident proposed last week to shed control of the two companies to meet IBA demands. A full meeting of the authority has, however, failed to accept the proposals. More informal talks are expected over the next few days.

N. Ireland CBI to meet Atkins

THE NORTHERN Ireland council of the Confederation of British Industry is to meet Mr. Humphrey Atkins, Northern Ireland Secretary, to discuss how the CBI's strategy can help the province pull out of the recession.

W. Midlands sees end to recession

THE RECESSION in industry has at last bottommed out, according to the West Midlands region of the Confederation of British Industry. Mr. Chris Walliker, the chairman, reported yesterday that most firms thought the decline in orders had stopped.

A period of "relative stability" could now be expected, but any improvement in business was unlikely before at least the end of the year.

Oil production estimates lowered

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil production over the next few years is likely to be about 10 per cent lower than was forecast last summer, according to latest Government estimates.

The drop in expected production rates—the latest in a series of such revisions—reflects delays in field development projects, accidents and unforeseen problems with a number of offshore reservoirs.

Mr. David Howell, Energy Secretary, told the Commons yesterday that it was not expected that this year's output would rise above 80m to 95m tonnes, some 5m to 10m tonnes less than the Energy Department's estimate in June last year. During the mid-1970s the Department was forecasting that this year's production level could be between 125m and 160m tonnes.

The revised estimates show that on average UK offshore oil production over the next four years will be 8 to 11 per cent below the levels forecast last year.

This will have a major impact on industry and Government oil revenues. The 7.5m tonnes reduction in the mid-range estimates for this year's production is worth about £975m at current oil prices, for instance.

The Government's views about UK energy balances will also be changed, although with even the lower level of oil production the UK should have more than enough domestic crude to meet its needs for at least a decade and probably well into the next century.

Last year UK oil production and consumption levels were roughly in balance; 80.5m tonnes were produced and 80.6m tonnes of oil products were used. Annual domestic oil consumption is not expected to rise above 85m-90m tonnes over the next few years.

Mr. Howell is now looking at ways of preventing substantial surplus production capacity occurring in the 1980s. He told the Commons that the new estimates made no allowance for future decisions on the rate of depletion from particular fields.

He has said in the past that he wants to "flatten the hump" of the possible 1980's production profile in order to maintain self-sufficiency for a longer period.

The figures given by Mr. Howell yesterday indicate that the hump will be flatter than previously forecast. However, there is still a good deal of uncertainty, as reflected by the range of production levels given for each year.

The Government's estimates are somewhat lower than projections published recently by some stockbrokers. Hoare Govett, for instance, forecasts that production levels will be: 1981—89m tonnes; 1982—102m tonnes; 1983—113m tonnes; 1984—122m tonnes; 1985—118m tonnes. Wood Mackenzie reckons that the annual production levels of crude oil and natural gas liquids will be: 1981—99m tonnes; 1982—116m tonnes; 1983—124m tonnes; 1984—133m tonnes.

LATEST FORECAST OF NORTH SEA OIL PRODUCTION (UK SECTOR)
Million Tonnes

		(1980 estimates)
1981	80- 95	85-105
1982	82-110	90-120
1983	85-115	95-130
1984	90-120	95-135

HOW 1981 OUTPUT ESTIMATES SHRANK

Made in:	
1975	125-160
1976	—
1977	100-120
1978	100-120
1979	95-115
1980	85-105
1981	80- 95

Source: Dept. of Energy

Sinclair launches new personal computer costing only £70

BY JASON CRISP

A NEW PERSONAL computer costing £70 was launched yesterday by Mr. Clive Sinclair, inventor of the first hand-held electronic calculator and the first pocket TV. The computer, called the ZX81, is smaller, more powerful and more sophisticated than his own best selling £100 personal computer, the ZX80.

The new micro computer, which will become available by mail order within the next two weeks, is to be made by Timex, the U.S. watch company, in Dundee.

Last month, Mr. Sinclair announced that Timex would be manufacturing a miniature flat screen television for his company. The flat screen television will not be available until next year and will cost £50.

Mr. Sinclair launched the ZX80 computer a year ago and production has been built up to 10,000 units a month of which 70 per cent are exported. The new ZX81 will be produced at a rate of 10,000 a month. Mr. Sinclair said he expected production would rise to 30,000 a month within a year.

Sinclair Research claims to be selling more microcomputers in Britain than the next three popular brands — which are all more expensive and more powerful — put together. Mr. Sinclair also announced that he was launching a small printer in the summer which will cost about £50. He claims it rivals printers costing £300.

Production of the ZX80 will continue for another four or five months, mainly for sale overseas. Sales in the U.S. are about to exceed domestic sales, he said. The ZX81 will at first be restricted to the UK market. The new computer, which costs £50 in kit form, weighs 12 oz and is roughly 6 ins square and 1.5 ins. thick. It does not have its own screen, but can be plugged into the aerial socket of a television set.

For £20, owners of the existing Sinclair Research ZX80 computer can buy a plug-in memory micro-chip which will make it almost as powerful as the new version. Anyone who ordered the ZX80 in the last two weeks will be supplied with the new model. Mr. Sinclair is also selling computer programs on cassette.

The lower price and reduced size have been achieved by replacing 18 of the microchips used in the ZX80 with one custom-built chip made in Britain by Ferranti.

Mr. Sinclair has strongly criticised the BBC's decision to sell a micro-computer built by the UK-based Acorn computer company for £200. He claims to have offered the corporation a product with the same capability for £110. The BBC is to run a television series early next year which will teach people how to use computers.

● Systime, the Leeds-based manufacturer of mini-computers, in which the National Enterprise Board has a 29.5 per cent stake, was valued at £18m yesterday following a major change in shareholdings by other investors. The NEB first invested in the company three years ago when Systime was valued at £2m.

The Music Hire Group sold its 36.18 per cent stake in Systime for £6.51m to Edinburgh-based investment managers Ivory and Sime, buying on behalf of clients. On Wednesday, the NEB made it biggest single profit on an investment when it sold a £50,000 equity stake for £806,000.

● A city consortium has bought a 32 per cent stake in Telema, a small manufacturer of micro-computers based in Manchester, for £125,000. The consortium is headed by Lloyds Bank Investment Management Division and the investment is to enable the company to expand.

There is a rapidly growing interest in investing in micro-computer companies. Earlier this week, the NEB invested £265,000 in another company, Positron, which will make micro-computers for the education market.

Sudden rush of merger referrals

By David Churchill, Consumer Affairs Correspondent

THE MONOPOLIES and Mergers Commission is about to embark on one of its busiest-ever periods of investigations.

The decision by the Secretary for Trade yesterday to refer the proposed mergers of European Ferries and Sealink, and Hoverlloyd and British Rail Hovercraft brings to four the total of merger investigations under way.

Last week the commission was asked to investigate the proposed merger of Lonrho and House of Fraser, and earlier this week the bid by the Enserch Corporation for the Davy Corporation was also referred.

The commission is under increasing pressure for two reasons. First, all the merger referrals have come within a short space of time. Secondly, the commission has been asked in the case of the two investigations referred yesterday to complete its deliberations more quickly than the usual six-month period.

The only merger investigation which has been completed but not yet published by the Department of Trade is S. W. Berisford's bid for the British Sugar Corporation. This is expected to be published shortly.

The commission may also be asked to carry out an investigation into Lonrho's proposed takeover of The Observer newspaper. The Secretary for Trade still has to decide whether to block the usually automatic referral to the commission.

Apart from the commission's programme of merger investigations, it is also studying a considerable number of other subjects. It is still investigating the Severn-Trent water authority under the new powers granted by the Competition Act and it has just completed a six-month probe into the Central Electricity Generating Board.

The Office of Fair Trading also decided last week to refer TI Raleigh Industries to the commission for the first probe into anti-competitive practices by a single company under the new Competition Act.

The referal, however, cannot formally be made for at least four weeks to enable the company involved to make representation to the OFT.

The commission has also just completed an examination of trading practices known as "full-line forcing" and "tie-in-sales" and its report is likely to be published shortly.

Another imminent report is into the commission's examination of the discounts given by manufacturers to large retailers.

The commission also has five full-scale monopoly investigations under way. These are into roadside advertising, the supply of roof tiles, ready-mixed concrete, cinemas and the car spares industry.

It is staffed by a chairman, three deputy chairmen, and 20 other part-time members, as well as a permanent establishment of more than 90.

A lifetime in banking and accountancy

MR. George "Phil" Macpherson, who died recently aged 77, was a former chairman of Robert Benson Lonsdale and Company, the merchant bankers, and subsequently deputy chairman of Kleinwort Benson Lonsdale until his retirement in 1966.

A graduate of Oriel College, Oxford, Mr. Macpherson qualified as a chartered accountant and became a partner in Layton-Bennett, Chiene and Tate in 1930.

He joined Robert Benson and Company as managing director in 1936 and returned to the company, to enlarge its activities, in 1946; after serving in the Second World War where he achieved the rank of brigadier.

After his retirement Mr. Macpherson remained a non-executive director of several investment trusts

Government changes way of buying computers

BY ELAINE WILLIAMS

THE GOVERNMENT is to abandon its policy of competitive tendering for the purchase of small computers, it announced yesterday.

Instead it has awarded contracts to nine companies which will run for 18 months. This will allow Civil Service departments to buy small computers in the same way they buy typewriters and paperclips.

The new system for placing contracts, which will standardise computer use, will be run by the Government Central Computer and Telecommunications Agency which controls the procurement of computers throughout the Civil Service.

The Government says the new system will result in departments obtaining computers more quickly and will be cheaper than traditional competitive tendering.

The nine computers cover three price ranges up to £15,000 and have been chosen from 250 available on the UK market. The suppliers are Research Machines, Microsense Computers, Commodore Business Machines, Casu Electronics, Modata, Thame Systems, BMG MicroSystems, Equinox Computer Systems, and Wilkes Computing.

Government departments have an estimated 500 micro-computer systems already installed and up to 1,000 more may be added by the end of the year. In the UK there are about 90,000 such computers, and thetir number is forecast to grow to 400,000 by 1985, of which about 20,000 will be in government departments.

Norwegian blue stamps fetch £105,000

PHILLIP'S achieved its highest stamp auction price yesterday when a block of 39 of the 4 skilling 1855 Norwegian blue sold for £105,000 at an auction of Norwegian classic stamps.

Phillip's in New York completed its best American auction of a single collection when the property of the late Mrs. Elizabeth Fuller Chapman sold for £366,902, with just 2.4 per cent bought in. English furniture sold for higher prices than are generally realised in London—George I walnut secretaire bookcase fetched £10,958; a set of 12 late Regency mahogany dining chairs £10,045; and a William and Mary walnut chest, £8,477.

At Lawrence of Crewkerne a rare Girl in a Swing factory figure of Britannia mourning Frederick, Prince of Wales, made around 1750, was bought for £10,000.

Sotheby's disposed of Russian paintings for £175,265. Agnew paid £4,800 for a Pasternak drawing of Tolstoy, executed around 1903. The Rescue, a sea painting by Ivan Aivazovsky, went for £14,200 and A Young Bohemian Girl by Alexei Kharlamov made £11,000. Among the clocks and watches a Frodsham gold hunting cased chronograph achieved the top price of £11,000 while a late 18th-century gold cased verge watch by Pires of London sold for £8,000.

Wide-ranging reforms urged in CBI document

JOHN ELLIOTT looks at a policy document which sets out a strategy for reducing unemployment, increasing investment and "returning the British economy to prosperity."

A £1.5bn-a-year increase in government expenditure, coupled with wider-ranging reforms of industrial policy and management practices, forms the core of the Confederation of British Industry's new policy document published yesterday.

Called The Will to Win—Britain must mean business, the document sets out the CBI's strategy for reducing unemployment, increasing investment, and "returning the British economy to prosperity" by the middle of this decade.

The document, which is to be discussed by CBI members before becoming policy later this year, examines Britain's economic and industrial problems. It then maps out new policies for the Government, management and trade unions, and includes over 70 recommendations for change (the main 50 of which are set out below).

They include increased government expenditure on capital projects and unemployment, introduction of a form of youth national service, cuts in government revenue expenditure (see table), and the development of a more active national industrial policy. This would involve the creation of a new industrial centre, to examine potential business winners—sunrise industries, as they are known in Japan.

A considerable number of recommendations are also directed at CBI member companies which are also encouraged to buy more products in Britain. "Action is required by industry to improve competitiveness and profitability through greater efficiency and productivity, better product plannings, cost control, manufacturing, work practice and marketing, and improvements pay bargaining and the management of people," says the CBI.

The document starts by warning that Britain will become a "steadily poorer and more divided country" if policies are unchanged. Unemployment would rise above 3m by the middle of next year and reach 3.5m by the middle of 1985, and there would be no general economic recovery.

"Some people would disagree with our base line projections on unchanged policies because they believe that market forces will be sufficient to bring down unemployment, mainly by improved competitiveness. We think this is implausible," says the CBI in a thinly veiled attack on the views of some Ministers.

The CBI admits its own proposals would not succeed in bringing unemployment down much below 2.25m by the end of 1985. But it points out that this would be 1.25m less than the expected figure if policies remain unchanged.

It calls for increased Government spending, expands its current Budget demands and proposes the total abolition of both the national insurance surcharge and the heavy fuel oil duty, plus reductions in capital taxation. Help for small businesses would include the introduction of a tax-exempt form of small firms investment company.

The CBI also proposes expenditure by 1984-85 of £750m a year on the implementation of a more positive industrial policy. This would be used to increase Government spending on research and development, provide tax concessions to encourage leasing of high technological developments such as industrial robots, and backing for "sunrise" businesses.

"One of the major advantages some of our competitors have over us is a broad consensus throughout their countries on major industrial issues. In Britain this has been achieved in some areas—regional policy, health and safety matters, training and special employment measures, and most foreign policy issues. But it has seldom been achieved on industrial policy.

"If Britain is to have a consistently strong economy, there must be recognition and acceptance of industry's needs. Instead of using industry as a political football, governments and opposition parties should strive for more consensus on industrial policy."

Picking up the Prime Minister's expression of interest recently in "constructive intervention," the CBI says there are three alternatives for using North Sea oil revenues.

The first, which is the CBI's existing policy, would use the revenues to cut taxes, Government borrowing and interest rates. The second option would be to "take some part of the income and for Government to direct it towards specific purposes." The third, which the CBI's leaders favour, is a mixture of the two.

"If we adopted the third course, a central feature would be that Government support should underwrite not override, market choices. Analysis and prescription should come from business — and a response which is positive and constructive from Government.

"The prospects and particular requirements of individual sectors of business would need to be analysed if general principles are to be turned into effective action.

"This analysis would be based on the business priorities identified by companies and sector associations."

In some, but not all cases, Government financial support would be needed for the identified areas, says the CBI. Any recommendations for changing Government policies would be published.

"This sort of approach would be a major shift in the CBI's industrial policy. There are clear risks, as well as important potential advantages. CBI members must decide urgently whether they wish the CBI and the Government to adopt a more positive approach to industrial policy along the lines discussed."

The CBI also says that it has "grave reservations" about the Government proceeding with its planned cuts in regional aid during the next three years because of the low state of corporate profitability.

Public capital spending measures costing £1.5bn a year by 1985 are also proposed by the CBI to stimulate industry and cut unemployment. The funds would be spent on new roads, sewage and water schemes, gas pipelines, coal mines, nuclear energy, energy conservation, rail electrification and other regional communications.

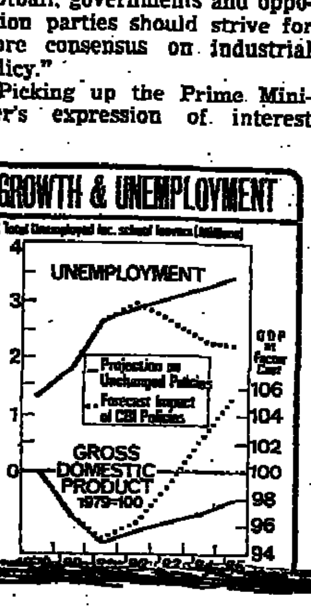
In addition, there should be a £750m programme aimed at cutting unemployment by 500,000. The CBI calls for special employment programmes, improved vocational preparation for 200,000 16 and 17 year olds, early retirement arrangements for workers in their 50s, increased government social distress programmes and the encouragement of voluntary service and other youth activity.

"The document's strategy cannot succeed if Britain is increasingly divided between the 'haves' and the 'have nots,'" says the CBI.

The CBI also proposes that non-military national service should be introduced "to aid the old, sick and society generally." It says that "providing opportunities for the unemployed, particularly young people, is an option well worth exploring."

EVENTUAL ANNUAL COST TO GOVERNMENT OF PROPOSALS

Item	Net cost in 1984-85 at 1981-82 prices £bn
Total abolition of National Insurance Surcharge	3.0
Total abolition of heavy fuel oil duty	.25
Reduction of capital taxation	.5
Help for small businesses	.25
Increased spending on industrial policies	.75
Further public capital expenditure	1.5
Measures to alleviate unemployment	.75
	7.0
LESS: Cuts in Government current expenditure	3.0
Sale of public assets	.5
Total annual cost of detailed proposals	3.5



FIFTY MAIN ACTION POINTS

Competitiveness:

- Government cost control targets must equal those of industry*
- Systematic attention should be given to product planning†
- Attention must be paid to the importance of profit plans†
- Recruitment and training capacity must be maintained in order to ensure future skill supplies†
- Customer/supplier relations must be maintained and developed†
- Increased UK sourcing of goods should be urgently considered†
- Positive attitudes to new technology need to be encouraged*†
- National Insurance Surcharge should be reduced and ultimately abolished*
- Energy prices must not damage competitiveness*
- The exchange rate must be reduced by implementing CBI package*
- ECGD should take a longer term view of its business*
- Support for overseas capital projects must be co-ordinated*

People:

- Closer contact between schools and industry must be developed†
- Vocational preparation must be improved*†
- The apprenticeship system must be reformed†
- There must be more in-service training and retraining†
- Housing policy must be adapted to aid labour mobility*
- Companies should implement CBI guidelines for employee involvement†
- Manpower requirements and policies must be subject to strategic examination and forward planning†
- Management should encourage harmonisation of staff and manual workers' employment conditions†
- Profit sharing and share incentive schemes should be developed†
- UK manning levels and plant utilisation must equal the best†
- Restrictive labour practices must be eliminated†
- There must be greater support for agreed industrial relations procedures†
- Employees must be involved in improving efficiency†
- Pay determination must be reformed*†
- Workforces must be helped to understand the need to restore profitability and investment†
- Agreements should include a binding peace clause†
- Institutionalised pay comparabilities should be scrapped*
- Pay settlements in 1981/82 must be lower than in 1980/81†

Framework:

- Political consensus on industrial policy must be sought*
- Decisions must be made about the direction of industrial policy†
- Methods of leasing companies to help new technology and innovation*
- Advocates of UK withdrawal from EEC must be challenged*†
- Day-to-day decisions by nationalised industries should not be subject to interference*
- Practical solution should be sought to the problems of the funding and financing of more capital expenditure of public enterprises*
- Fiscal action should be taken to help build and maintain the capital base of smaller companies*
- There should be a commitment to a 25 per cent basic rate and 50 per cent top rate of income tax*
- The Green Paper on Company Taxation should be published as soon as possible*
- Public service sector administrative economies must be made to achieve savings of at least £3bn a year by 1984/85*
- Public sector assets must be realised to produce at least £½bn per annum up to 1985*
- Investment in national infrastructure should be increased*
- Minimum standards should be specified for main duties laid on local authorities by statute*
- CBI proposals for protecting business from high cost of rates should be implemented*
- Local business rates liaison groups should be developed and extended†
- National borrowing should be funded more from the personal sector but avoid crowding business out*
- Industrial Training Board costs must not be transferred to employers*
- An economic forum should be set up*†

Alleviating Unemployment:

- Opportunities for vocational preparation must be improved*†
- Flexible retirement should be explored*†
- Voluntary service and non-military national service should be encouraged*

* Requires action by the Government.
† Requires action by managements, sometimes with trade unions.

The Cornish council that rates itself a model of thrift

BY ROBIN PAULEY

Most people know where Penzance and St. Ives are; hardly anybody who doesn't live there knows of Penwith. It is, in fact, the name given under the 1974 local government reorganisation to the council which includes both towns.

However, Penwith, which stretches to Land's End, is about to become better known and the envy of other councils in England by announcing that for the second consecutive year it will reduce its rate.

So the 54,000 inhabitants of beauty spots and former smugglers' haunts such as Sennen Cove, Mousehole, Gurnard's Head and Marazion will again be asked to pay less for their district services than in 1979. As the county precept—levied through the district and collected by it for the county—will go up, the rate bills will not in fact fall. But they will be significantly lower than if the district had also raised its rate.

If the full council meeting accepts the recommendation of its resources committee next Wednesday, the new district rate will be 12.65p in the pound compared with 13.65p last year and 14.65p the year previous.

Last year's average domestic rate bill was £152.86, of which £134.09 was for the county and £18.77 Penwith. The 1981-82 bill would be £166.90, with £149.77 going to the county and £17.13p to Penwith.

The council, which is controlled by independents, has benefited under the Government's new block grant system. It has also saved £300,000 through job and expenditure cuts to meet the Government's targets for savings. Its management has been restructured with the help of PA Management Consultants.

Manpower accounts for 70 per cent of councils' revenue expenditure, and staff cuts accounted for two-thirds of Penwith's savings.

Penwith, which trimmed its local rate and grant borne expenditure from £2.833m to £2.755m in 1980-81, had an estimated net debt last April of a modest £16.3m. The council owns 4,388 homes, with the highest average rent in Cornwall at £9.79 a week. About 1,150 tenants received rebates of an average £4.46 a week.

Rent increases will be slightly less than £4 a week in 1981-82, the lowest in Cornwall. The council has been particularly badly hit by the Government's housing revenue account calculation in grant and subsidy allocations. The allocations have tended to penalise prudent councils which have sold homes and not indulged in large-scale house building programmes.

About two years ago, Penwith appointed a new chief officer, Mr. John Moore, a retired army brigadier. He has remained popular with his staff while identifying areas of excessive bureaucracy and inefficiency for tightening up. The management consultants, working to his and the council's direction, confirmed his view.

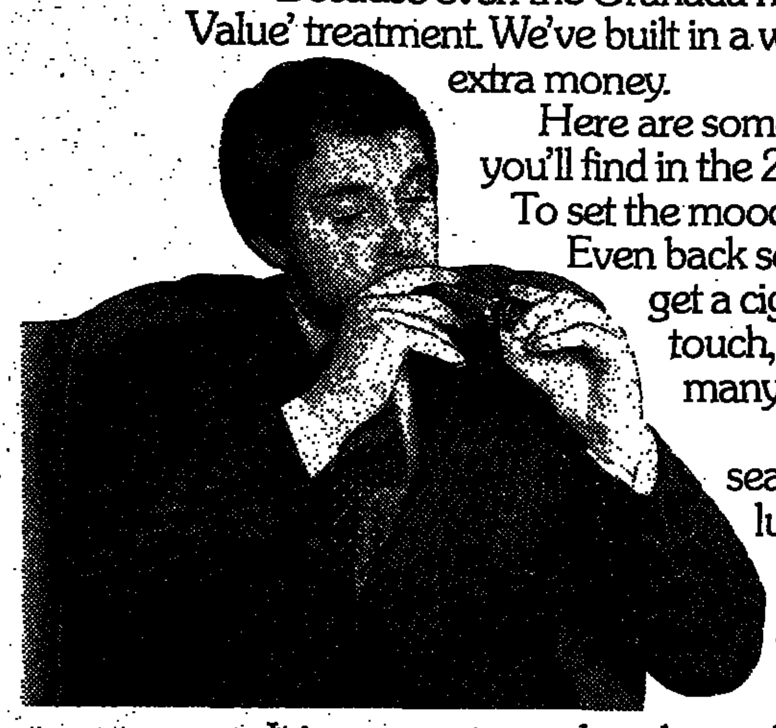
In spite of hostility from members, who may have felt their management abilities were being questioned, and officers whose jobs were definitely threatened, radical changes were agreed.

The principal change was to reform the six chief officers' departments into five. This eliminated the chief technical officer's department. Voluntary early retirement among chief officers opened the way for a new and younger team of departmental heads.

Staff cuts concentrated on the internal administration rather than the outside "service" staff. The internal staff was reduced from 226 to 199 by not filling vacancies. This figure was further trimmed to 158 by not having any exclusive deputy head posts, moving the housing and environmental health departments into the main town hall at Penzance and closing the branch building in which they were previously housed.

Penwith Council is now working on how to maintain its streamlined structure. Mr. Moore and Mr. Malcolm Furneaux, the new treasurer, are presenting all spending and manpower options on a value-for-money basis. This includes activities connected with the tourist industry, the region's life-blood.

More Granada. No more money.



The Granada has always been one of the best-equipped of the big executive saloons.

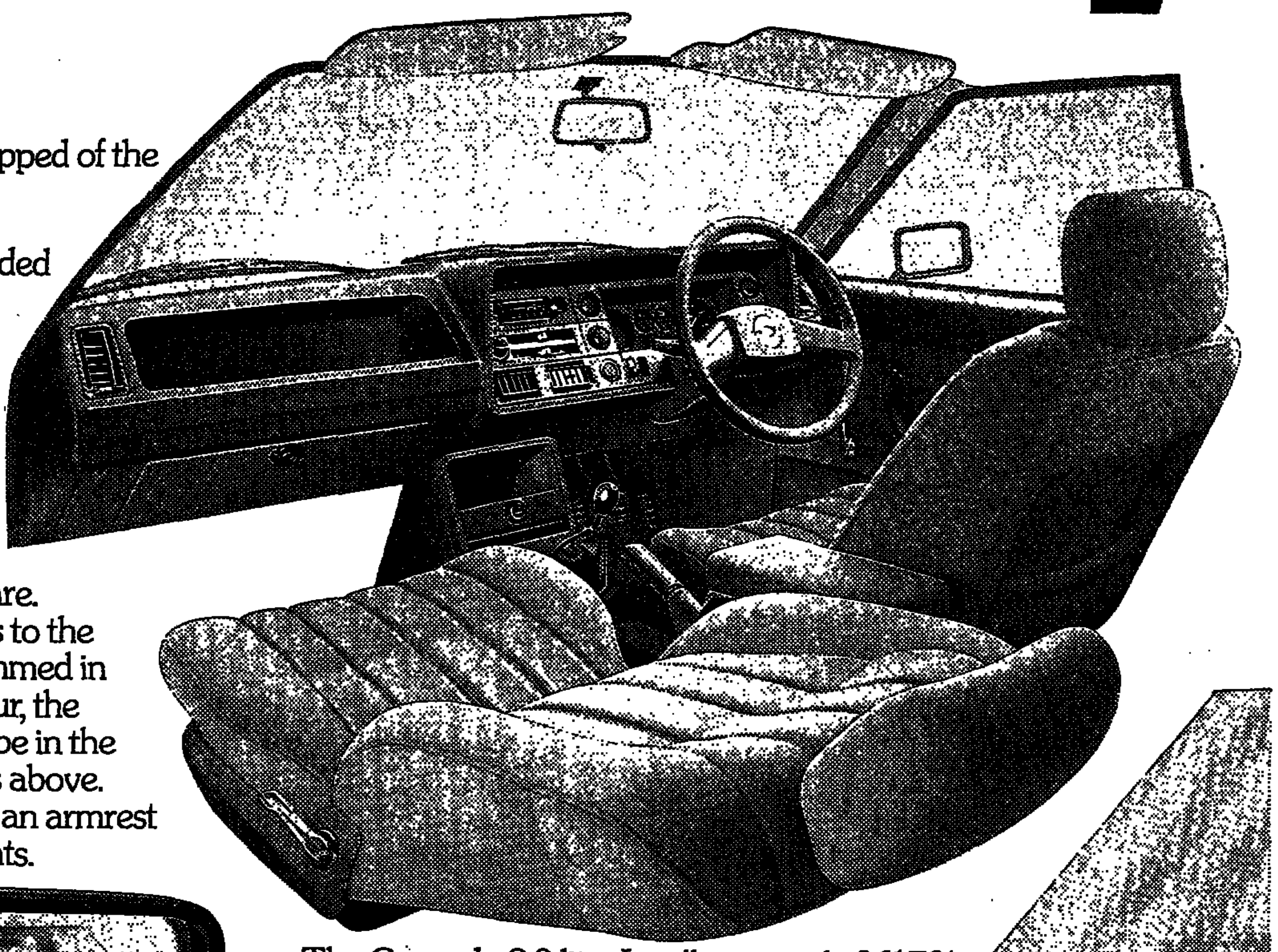
Now we've made it more comfortable than ever.

Because even the Granada has been given our 'Added Value' treatment. We've built in a wealth of extras for no extra money.

Here are some of the new features you'll find in the 2.0 litre L.

To set the mood, how about a cigar?

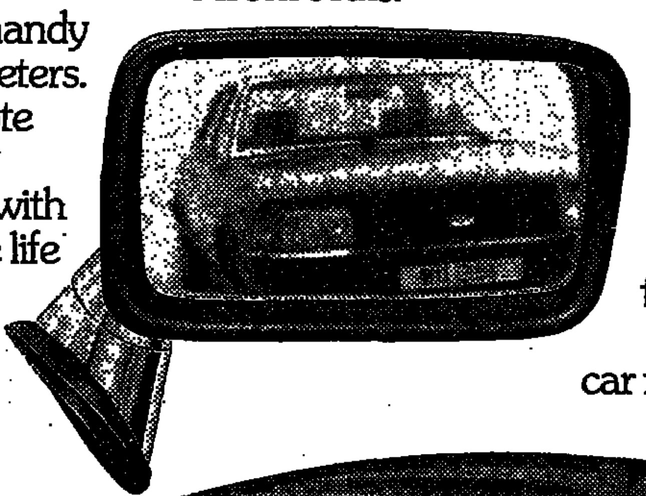
Even back seat passengers now get a cigar lighter. It's a small touch, maybe, but then many of life's little luxuries are.



The biggest change is to the seats. These are now trimmed in luxurious crushed velour, the material that used to be in the Granada GL, a class above.

We've also added an armrest between the front seats.

It incorporates a glove box, a handy place to keep change for parking meters.



Another new feature is a remote control driver's door mirror.

In fact, the Granada is packed with little touches like these that all make life just a shade more comfortable.

Every time you drive it you'll be impressed by the thoroughness of its design. Not to mention its effortless, silent power.

The Granada 2.0 litre L still costs only £6179.*

So why not drop in to your local Ford dealers and arrange for a test drive.

While you're there you should have a look at the 'Added Value' Fiestas.

One of those would make a super little second car for a Granada owner.

The Popular only costs £2849*!

Here's what we've added to other Granadas without adding to their prices.

Granada GL. **Plus:** Durham/velour upholstery from Ghia. From **£7588*** for the new 2 litre saloon. There is also a new 2 litre estate.
Granada Ghia. **Plus:** bodyside pinstripe, new Chatsworth/velour trim, rear seat head restraints in the saloon. Still from **£9582***

*Maximum prices as at 21st January, 1981. Seat belts, car tax and VAT included. Delivery and number plates at extra cost.

Ford gives you more. Ford

Car parts quality will tip scales for Nissan

By Paul Cheeseright

THE ABILITY of British component manufacturers to meet the demands of Nissan Motor will be of major importance in the company decision on whether to establish a plant in the UK, according to Mr. Nicholas Edwards, the Secretary of State for Wales.

Back in London after a visit to Japan, Mr. Edwards yesterday noted a recurring criticism of all the Japanese industrialists he met. It was that British component manufacturers have not in the past met the standards of quality required by Japanese companies.

Consideration of the components issue will be part of a feasibility study of the proposed plant. Nissan executives arrive in the UK next week to conduct this study, which is expected to take four months.

Tough assessment

Nissan plans a £275m plant to produce 200,000 cars a year and would initially purchase 60 per cent of the parts from EEC countries, rising to 80 per cent later.

The feasibility study will involve "a tough commercial assessment of the place where they are most likely to succeed," Mr. Edwards said. The number of flat 800-acre sites in the UK capable of the quick development required by Nissan is few, headded. But there are four possible sites in Wales.

Commenting on the speculation about where Nissan would locate a plant if it decides to come to the UK, Mr. Edwards said: "I am absolutely certain the company has made no decisions and has no preferences."

There will be no pressure from the Government to influence the choice of site, he said.

RAC wants bigger share of motor tax for roads

By John Griffiths

A PRE-BUDGET plea for more of the Government's revenue from motor taxes to be spent on repairing and improving Britain's roads has been made by Mr. Jack Williams, chairman of the Royal Automobile Club's public policy committee.

In a letter to Sir Geoffrey Howe, the Chancellor, he said motor taxes revenue during 1980 financial year would reach £7bn, but total spending on roads would be less than £1.8bn. This was "grossly inadequate."

He warned that much of the national road network was becoming "visibly dilapidated" and dangerous. It was also likely to inhibit tourism, which last year produced £300m in revenue from 1.4m visiting motorists.

Mr. Williams also argued that no additional taxes should be imposed on motorists. Transport spending was already the third largest item in family budgets, accounting for 13.9 per cent of all spending:

"Any measures to raise motoring costs would have adverse effects on the cost of living and conflict with the vitally important objective to lower the level of inflation."

Amoco Cadiz master given his licence back

BY WILLIAM HALL, SHIPPING CORRESPONDENT

Captain Pasquale Bardari, master of the Amoco Cadiz super tanker which was wrecked on the Brittany coast in 1978 causing the world's worst oil pollution disaster, is to be given his licence back by the Liberian authorities.

The Liberian-appointed investigators say in their final report published yesterday that nothing could have been done to save the ship after the steering gear failed — but they are extremely critical of the French authorities for failing to cooperate with the inquiry.

Few maritime disasters have had such an impact on the world at large as the wreck of the Amoco Cadiz on the Brittany coast on the stormy Thursday night of March 16, 1978.

A large part of its 220,000-ton cargo of crude oil was washed up on the Breton shores, killing wildlife and ruining the local tourist trade. Initially much play was made of the fact that it was a Liberian-flag ship with an Italian crew. The implication was that it was a badly maintained, substandard vessel hiding under a flag of convenience.

In fact the Amoco Cadiz was only four-years-old and very well maintained. Its crew was well trained and on the night of the disaster there were three men holding master's certificates on the bridge.

As the debate progressed, attention was switched on to the long delay before a general distress signal was sent out and the haggling that went on between the tugboat skipper and the captain of the Amoco Cadiz, about the terms of the salvage agreement. In addition, the captain wasted a considerable amount of time phoning Amoco's Chicago headquarters for instructions. The question uppermost in everyone's minds was, could the disaster have been averted even after the ship had broken down?

The tale of the Amoco Cadiz reads rather like a Greek tragedy. The report concludes that once the steering gear had broken down there was nothing anyone could have done to avert the tragedy. Captain Pasquale Bardari, the unfortunate master of the ship, undoubtedly made mistakes subsequently, but after the steering gear had broken down the ship was doomed. This conclusion will not be shared by everyone that was party to the loss, in particular the French who are suing Amoco for heavy damages.

Most of the findings of the Liberian investigation, headed by Sir Gordon Willmer, a retired Lord Justice of Appeal, were published at the time of the interim report in February 1979. The final report adds little to what is already known. It contains new evidence from the owners, Amoco, and it concludes that there was some degree of confusion about the extent of Captain Bardari's responsibility. But this confusion was not responsible for the loss of the ship.

The interim report made a number of recommendations, including a call for a full review of tanker steering gear requirements and a review of the anchoring arrangements for large tankers—(The Amoco Cadiz's anchor chains snapped when the anchors were dropped to stop the ship drifting onto the rocks.)

The final report makes some further recommendations, including the restoration of Captain Bardari's licence. The report suggests that IMCO and the classification societies should agree on a uniform system for indicating the performance characteristics of salvage vessels. It also recommends that salvage vessels' chains and tow lines should be surveyed from time to time.

However, the main recommendation in the report concerns the failure of the French authorities to co-operate with the Liberians. In particular, the French have refused to release the records of the Government-controlled radio station at Brest. These records could show whether the French authorities were aware of the scale of the impending disaster at an early stage. If they were, it could be argued that they could have done more to prevent the disaster.

The Liberians have proposed a new and stronger IMCO resolution on international cooperation in official inquiries into maritime casualties.

In the three years since the Amoco Cadiz was lost considerable work has been done to prevent a similar disaster happening. The tug sent to aid the Amoco Cadiz was not strong enough to stop the tanker drifting onto the rocks, so the French have built two powerful tugs which will be permanently stationed in the Channel and Western Approaches.

Countless hours have been spent reviewing ship's steering gear in the light of the accident. Regulations requiring much of the steering machinery to be duplicated have been drafted. New steering systems are virtually failsafe and it is unlikely that a major disaster will be caused by the same fault again.

Furthermore, investigations have been carried out on the capacity of ships' anchor systems to hold stricken supertankers in the event of a similar emergency.

Finally, the French have ruled that ships like the Amoco Cadiz must sail much further away from their shores, although this does lead to increasing congestion in the busy offshore traffic lanes in the Channel.

As a result of the improvements stemming from the Amoco Cadiz disaster, the likelihood of another major disaster in this area of the Channel has been greatly reduced. However, giant tankers continue to sink and pollute the coastline. Since the loss of the Amoco Cadiz 11 very large crude carriers have been lost.

The reasons for the continued growth of tanker accidents are complex but largely reflect human error. Part of the problem is the changing structure of the international oil industry. An increasing amount of oil is being carried by small, unknown companies which are more difficult to police than the handful of major oil companies.

In addition, the recession in the tanker industry means that operators of giant tankers have been losing money for years and have been economising on maintenance costs. The sad conclusion is that where as the loss of a giant tanker like the Amoco Cadiz happened one every five years, it is now happening several times a year.

Final and interim reports of the formal investigation into the loss of the Amoco Cadiz on March 16, 1978. Liberian Bureau of Maritime Affairs.

IT IS nearly three years since the Amoco Cadiz ran aground on the coast of Brittany, but the legal battle over the amount of compensation for oil pollution has only just begun.

Although France is a signatory to the Inter-governmental Maritime Consultative Organisation civil liability convention, which limits the amount of damages that can be claimed, the French authorities have decided to seek redress through the U.S. courts since they believe that they will be awarded higher damages.

The Republic of France on its own behalf and on behalf of various French municipalities, private citizens and other government departments has filed various law suits in the state and federal courts of New York and Illinois. Amoco Transport et al have filed a complaint for exoneration from or limitation of liability in the U.S. District Court for the Northern District of Illinois.

The law suits, alleging negligence and in some cases unseaworthiness as the cause of the stranding of the Amoco Cadiz, aggregate to about $1.9bn. However, Amoco says that the claims are grossly in excess of the actual damages and are to some extent duplicated. In a footnote to its 1979 annual report Amoco says that the suits are not expected to have a material adverse effect on the company

MAJOR SHIPPING LOSSES
(vessels over 200,000 dwt)

1969	Marpessa	206,805	Explosion
1973	Golar Patricia	216,326	Explosion
1975	Berge Istra	227,556	Explosion
1976	Olympic Bravery	277,599	Ran aground
1978	Amoco Cadiz	233,690	Ran aground
	Andros Patria	218,605	Explosion
1979	Atlas Titan	212,751	Fire
	Aegean Captain	210,257	Collided
	Atlantic Empress	292,666	Collided
	Berge Vanga	227,912	Explosion
	Energy Determination	321,186	Explosion
1980	Salem	215,000	Explosion
	Maria Aleiandra	236,000	Explosion
	Albahaab	239,410	Explosion
	Mycene	238,889	Explosion
	Energy Concentration	212,269	Broke back

FT man is specialist writer of year

MR. ANATOLE KALETSKY, a feature and leader writer on the Financial Times, has been named Specialist Writer of the Year in the British Press Awards.

The panel of judges said that Mr. Kaletsky brought "imagination and vivid writing to complex subjects" and the lucidity of his writing was remarkable.

The Journalist of the Year award was made to Mr. Phillip Knightley, of the Sunday Times,

Anatole [illegible]

for his investigation into the tax affairs of the Vestey family. The judges said his series of articles were in the "finest tradition of investigative journalism."

A team of writers from the Daily Express won the Reporter of the Year award for their "professional handling" of the Iranian Embassy siege. The reporters were Robert McGowan, Peter Hardy, Ian Black and Peter Mason.

The International Reporter of the Year award was made to Mr. Robert Fisk, of the Times, with particular reference being made by the judges to his despatches on the Iranian War.

Other awards included those to Mr. Simon Bain, The Star, Sheffield (Provincial Journalist of the Year); Mr. Lionel Barber, The Scotsman (Young Journalist of the Year); Mr. Oliver Pritchett, Sunday Telegraph (General Feature Writer of the Year); Mr. Mike Langley, Sunday People (Sports Journalist of the Year); Mr. Hugo Young, The Sunday Times (Columnist of the Year); Mr. Peter Heyworth, The Observer (Critic of the Year); Mr. Paul Foot, Daily Mirror (Campaigning Journalist of the Year); Mr. Michael Binyon, The Times (The David Holden Award); Mr. John Downing, Daily Express (Photographer of the Year); Mr. Frank Barrett, Daily Star (News Photographer of the Year); Jak, The New Standard (Cartoonist of the Year); and the special award for diligent investigative reporting to Graham Wiles and Chris Bye, of the Yorkshire Post.

£1.2m noodle promotion

THE Kellog food company plans to spend £1.2m this year on advertising its new range of Super Noodles convenience foods.

The campaign will promote Kellogg's flavoured noodles, such as Madras Curry and Spicy Beef. Since Kellogg launched its plain noodles in late 1979, it claims to have achieved about 85 per cent of a market estimated at £5m this year.

NCB and pit unions urge aid for coal conversion

BY MARTIN DICKSON, ENERGY CORRESPONDENT

SUGGESTIONS FOR two Government initiatives to help industry convert its boilers from expensive oil-fired fuel to cheaper coal will be put forward next week by the National Coal Board and the mining unions.

The proposals will be given to Mr. David Howell, the Energy Secretary, at the next meeting in a series of tripartite talks designed to help the NCB weather the recession and avoid pit closures.

The meetings are a direct result of last month's strike threat by miners. The NCB and unions will ask for:

- Government grants for conversion to coal-firing, along the lines of a scheme operating in France since last year. Industrialists there can claim up to 25 per cent of the capital cost of coal-fired equipment. The level of aid depends on the amount of fuel oil displaced by conversion.
- Government backing for an EEC scheme—still in the early stage—which would provide cheap loans for Community industrialists converting to coal. It would require risk cover from the Government for the foreign currency element of the loans.

The NCB believes that if both these ideas were implemented, as a complimentary package, they would provide a strong incentive for industrialists to switch back to coal.

With the price of coal well below that of fuel oil, many companies have expressed interest in switching fuels. But because of the recession, they are holding back on capital investment in new boilers.

The NCB has been calling for Government aid for conversions for the past year. Until now, the Department of Energy has shown little or no interest in such schemes, but its attitude may have changed following the miners' threatened strike.

Energy Review, Page 14

Worker participation up

BY MAURICE SAMUELSON

BRITISH MANAGEMENT is actively encouraging employee participation according to a survey being carried out by the British Institute of Management.

Nine-tenths of the 150 companies which have so far replied to the institute's questionnaire said they have set up a participation scheme or are in the process of doing so. The questionnaire has been sent to major companies with 1,000 employees or more.

Mr. Roy Close, the institute's director-general said the results were "immensely encouraging" and demonstrated members' commitment to participation schemes.

More than a quarter of the companies which replied were involved in developing employee participation further. Nearly all used more than one method of employee involvement.

Employee councils, briefing meetings and employee newsletters were the most popular methods used. More than 80 per cent of the companies consulted their workforces before taking decisions, the institute said.

Ransome Hoffman to close factory

By Maurice Samuelson

A NORTHAMPTON factory of **Ransome Hoffman Pollard**, the bearings and electrical group, is to close later this year with the loss of 340 jobs.

Production at the plant will be run down in the next few months and transferred to Ferrybridge, Yorkshire.

The Northampton factory makes automotive waterpump bearings. About half its sales are in Europe.

The company said exports had become more important with the decline in the British motor industry. However, sales had been lost because the strength of sterling had made the company uncompetitive.

Too low

Short-time working had been in operation for more than six months, and sales were now too low to sustain the factory.

NCR Manufacturing of Dundee is to make 250 employees redundant by the beginning of June. The company put the blame on the general world economy, high interest rates and the strength of the pound.

Rists, the cable manufacturer at Newcastle-under-Lyme, North Staffordshire, has made 80 workers redundant.

Clayton-Dewandre, the Lincoln power brake manufacturer, is to shed 50 jobs. The company whose 1,600 workers took pay cuts last year of up to £16 a week, said recently it would close a factory at Boultham Moor, Lincoln, employing 300.

Current account surplus allows increase in overseas investment

BY DAVID MARSH

A SHARP rise in Britain's balance-of-payments surplus on current account in the fourth quarter last year allowed UK residents and institutions to make further large increases in overseas investment.

The Government was able to continue its programme of repaying overseas debts, while foreigners also ran down their holdings of UK gilt-edged securities.

The current-account surplus rose to a seasonally adjusted £1.89bn in the fourth qarter from £870m in the previous three months, according to Central Statistical Office figures published yesterday.

The big rise took the surplus for the whole year to a record £2.74bn, a big upward revision from the original figure given in January of £2.28bn. In 1979 Britain ran a deficit of £1.63bn.

The fourth-quarter surplus largely resulted from a doubling in the srplus on visible trade to £1.27bn from £616m in the third quarter.

The increase principally reflected a drop in imports of 4 per cent in value terms as the UK recession encouraged further running down of stocks. There was also a small increase in the value of exports.

The surplus on invisibles also increased sharply from £254m to £616m. This was mainly because of a drop in transfer payments following the refund of part of Britain's contributions to the EEC budget.

The large current account surplus was matched by a big increase in identified capital outflows, which rose to £1.22bn from £82m in the third quarter.

Other capital movements — the balancing item" in the table —registered an outflow of £805m in the fourth quarter compared with £789m in the previous three months.

British banks increased their sterling lending overseas by a further £900m during the fourth quarter.

Portfolio investment overseas, mainly by financial institutions like pension funds and insurance companies, rose further to an estimated £970m in the final three months from £962m in the third quarter.

Inflows into Britain through foreigners' investments in sterling deposits and money market liabilities totalled £514m in the fourth quarter, down from £728m in the third. Foreigners ran down their holdings of UK Government stocks by £91m, while the Government and other public sector borrowers repaid foreign currency debt worth a further £241m.

BALANCE OF PAYMENTS (£m)

	1978	1979	1980	1980 1st qtr	1980 2nd qtr	1980 3rd qtr	1980 4th qtr
SEASONALLY ADJUSTED							
Visible trade (balance)	−1,573	−3,497	+1,177	−388	−320	+616	+1,269
Invisibles (balance):							
Services	+3,426	+3,510	+3,753	+977	+941	+864	+971
Interest, profits and dividends	+693	+663	−86	+19	−63	−17	−25
Transfers	−1,839	−2,306	−2,107	−538	−646	−593	−330
Total	+2,280	+1,867	+1,560	+458	+232	+254	+616
Current balance	+707	−1,630	+2,737	+70	−88	+870	+1,885
NOT SEASONALLY ADJUSTED							
Current balance	+707	−1,630	+2,737	−368	−229	+1,150	+2,184
Investment and other capital transactions	−3,518	+982	−1,490	−465	+278	−82	−1,221
Balancing item	+1,685	+2,358	−55	+1,342	+197	−789	−805
Balance for official financing	−1,126	+1,710	+1,192	+509	+246	+279	+158
Allocation of SDRs	—	+195	+180	+180	—	—	—
OFFICIAL FINANCING							
Official reserves (drawings on, +; additions to, −)	+2,329	−1,059	−291	−457	−140	+223	+83
Other official financing	−1,203	−846	−1,081	−232	−106	−502	−241

Source: Central Statistical Office

Monetary policy report says medium term financial strategy is unsound

Peter Riddell examines evidence collected by the all-party Treasury and Civil Service Committee

THE Government's medium-term financial strategy has not been soundly based, either in theory or practice, the all-party Treasury and Civil Service Committee of the Commons argues in a major report on monetary policy published yesterday.

The committee, chaired by Mr. Edward du Cann, the Conservative MP for Taunton, is highly sceptical about the Government's belief that limiting the money supply must be the main pillar of policy and that there are clearly defined relationships between public sector borrowing, inflation and economic growth.

The 100-page report follows a year long inquiry which has taken oral and written evidence from the Treasury and the Bank of England and examined replies to a detailed questionnaire by 29 leading economists, central banks and other institutions throughout the world. Four accompanying volumes of evidence have been published.

The committee was assisted by a number of prominent academic and City economists though the report points out that the conclusions are "not necessarily accepted by all the advisers."

After examining the record over the past year, the committee concludes that "although the monetary target for the first year of the medium-term financial strategy (first announced in the March 1980 Budget) was significantly overshot, there has been no doubt about the Government's wish to reach its monetary target and it has made considerable efforts in that direction.

"However, it has not used either of its chosen policy instruments to the fullest extent possible. It is clear from the evidence that there has been no true monetarist experiment. The Government moderated upward pressure on interest rates and decided against trying to cut public sector borrowing to the level it stated was consistent with its monetary target.

"Despite this, monetary conditions have been tight, the world recession has not been a major unforeseen factor in the operation of UK monetary policy, since it was already forecast by the Treasury at the time the medium-term financial strategy was announced."

The report then looks at the main views about monetary policy, identifying four main schools (as discussed in the accompanying panel) associated with the opinions of various witnesses.

The committee examines the the Government view that reduced monetary growth must be accompanied by reductions in public sector borrowing. But it believes "that there are risks attached to such a subordination of fiscal policy to monetary targets. In a recession caused by a fall in private domestic demand, built-in automatic stabilisers tend to raise public sector borrowing which in turn, with unchanged interest rates, may lead to an increase in monetary growth above the target.

"Meeting medium-term financial strategy targets may then require either a rise in interest rates or a tightening of the fiscal stance. Either of these would tend to counterbalance the moderating effect the automatic stabilisers have on the recession."

The committee warns that "the factors giving strength to sterling may weaken. A rapid reversal of the exchange rate appreciation would bring its own problems, notably inflationary pressures. The Government should keep under review methods of influencing the exchange rate.

"The practical way forward appears to be to take some account of both the money supply and the exchange rate as well as final objectives in setting the instruments of monetary policy."

Looking at the impact of monetary policy the report says that "although over the long term the money supply and the price level appear to have moved together we have not been convinced by evidence of a direct casual relationship from growth in the money supply to inflation."

The committee also concludes that, in the light of experience, the view that monetary policy can work directly, through expectations, to reduce inflation without significantly affecting output is not valid.

"It is unrealistic to suppose that negotiated wages and administered prices respond rapidly and automatically to to announcements about monetary policy, however credible they may be. The influence of monetary policy on wage and price inflation does not therefore appear primarily through the setting of targets or through expectations, but rather in the short term through the lowering of economic activity and the appreciation of the exchange rate."

The committee claims that on the basis of simulations on the Treasury model of the economy, "after four years a lasting fall in the rate of inflation of about 1 per cent a year can be achieved at a cumulative cost over four years equivalent to 4 per cent of a single year's Gross Domestic Product and a year's additional unemployment for 2.5 per cent of the labour force (650,000 man years)."

The report notes there is conflicting evidence about whether a recovery of output would bring renewed inflation. "If for instance an eventual restoration in competitiveness was brought about by a fall in the exchange rate the gains in terms of lower inflation brought by its initial rise may not be lasting. There are those who see this kind of mechanism working to such an extent that they fear that a return to high levels of employment will see inflation returning to its initial level, with the recession having achieved no lasting purpose."

Discussing the control of the money supply, the committee says: "An alternative to present methods of control might be to move towards control of the monetary base. Depending on how this was implemented it might succeed in affecting the money supply either by causing banking business to move elsewhere (a problem of a kind which has led the authorities to eschew the use of direct controls), or it might operate by allowing large fluctuations in interest rates including at least temporary rises to levels at present judged unacceptable.

"What is clear is that little is at the moment known about the possible effects that a change to monetary base control may have on the conduct of monetary policy and on the services that banks and building societies offer to their customers."

The committee welcomes the apparent move away from sterling M3 as the sole monetary indicator.

The committee says that "the medium-term financial strategy was a bold experiment intended to change expectations about the future of the economy. We believe that the view that declarations about monetary policy will quickly affect wage and price expectations is unsubstantiated. This clearly will not happen if the monetary targets themselves are not credible.

"Unforeseen external developments (such as a rise in the real [illegible] make the achievement of immutable targets set for a period of several years difficult, if not impossible. We were warned by other central banks which have pursued monetary targets that the effective use of such devices is by no means a mechanical procedure. It evidently requires a degree of judgment and flexibility."

The report welcomes the readiness of the Government to announce medium- and longer-term objectives which express its policy intentions. However, events have shown that the medium-term financial strategy was not soundly based. It was over-ambitious in the first year, and in setting specific targets for a four-year period. "In any future financial and economic strategy it would be wise to allow for modification of the tactics in the light of developments."

The committee says it is not satisfied that present arrangements produce the most useful model-based evidence for the committee, for Parliament or for the public. It therefore believes that access to the Treasury model for academic researchers, business users, MPs and the committee itself could usefully be improved, but the cost would have to be considered.

Third Report from the Treasury and Civil Service Committee, Monetary Policy volume I. [illegible] House of Commons [illegible]

DIFFERENT VIEWS OF MONETARY POLICY

NEW Classical School—(Professor Patrick Minford)—see monetary policy as being quickly effective in reducing inflation with little impact on output. This rests on the belief that prices are flexible and that expectations are formed rationally.

THE Gradualists—(Professor Milton Friedman and David Laidler)—see monetary growth rate declining slowly over an extended period and hence reducing inflation more slowly with rather greater cost to output.

THE Pragmatists—(Professor James Tobin)—suggests that the cost in loss of output from monetary policy could be very significant and therefore advocate the addition of further policies to reduce inflation, with a more flexible approach to monetary targets.

THE Anti-Monetarists—(Lord Kaldor)—deny the usefulness of monetary policies altogether and argue that no particular monetary aggregate means much as an *indicator* and, in any case, the authorities do not control the supply of money. Also prices are largely cost, not demand, determined, and are inflexible.

Power workers offered 9.5% and shorter hours

BY NICK GARNETT, LABOUR STAFF

THE COUNTRY'S 90,000 power workers were yesterday offered a rise of 9.5 per cent on salaries together with larger percentage increases on other elements of their pay structure and a one-hour reduction in the working week next year.

The offer, rejected by union officials who are seeking total increases of at least 13 per cent, is estimated by employers to be worth just under 11 per cent overall.

A further meeting between the Electricity Council and the unions has been fixed for next month. Mr. John Edmonds, General and Municipal Workers' Union national officer and one of the principal union negotiators, said after yesterday's meeting that power industry manual workers had contributed a great amount to improved productivity over the past few years.

The unions did not see any reason for their members to accept a decline in living standards but they were not looking for "excessive" increases.

The difference between what the Electricity Council has offered and the increases sought by the power workers—based on how they perceive the size of the miners' settlement—does not appear to be unbridgeable.

Mr. Edmonds warned though that power workers would consider industrial action if the offer was not improved.

The size of the offer confirms pay trends in the public sector. In the public services, where the Government has more direct control on pay, settlements and offers have tended to be in the area of 7 to 8 per cent, with a few notable exceptions.

In gas, electricity, water and mining industries, offers and settlements have not been less than 10 per cent and range up to 12 or 13 per cent.

In yesterday's package to the power workers, the Electricity Council offered to increase unsocial hours payments—on which shift and other payments are calculated—by a greater amount than 9.5 per cent in an attempt to restore differentials between shift pay and day rates.

They also offered to increase standby pay by 11.5 per cent from £26 to £29 a week. The council said it was prepared to reduce the working week by one hour from February next year subject to a satisfactory agreement on the way this would be implemented.

Existing minimum salary rates for electricity supply manuals below the level of foremen range from £4,575 for general duty attendants to £5,935 for enhanced craftsmen. Pay for workers in the latter grade can rise to £6,310.

Lonrho rejects Observer probe

BY JOHN LLOYD, LABOUR CORRESPONDENT

MR "TINY" ROWLAND, chief executive of Lonrho, has warned journalists at The Observer that their call to refer to the Monopolies and Mergers Commission his bid for control of the paper would be damaging to its commercial future.

In a lengthy response to the paper's National Union of Journalists' chapel (office branch) demands for editorial independence, Mr. Rowland gives a series of stern warnings. He says he expects loyalty from the journalists, and that the paper's position, as number three in the "quality" Sunday market, must improve.

Mr. Rowland says he is "disappointed that the chapel considers our assurances (on editorial independence) insufficient," and says that the most important element in independence is commercial viability."

He accepts the journalists' demand for independent directors to be appointed to the paper's board, but rejects a call for Observer journalists to become directors, insisting that the board has the ultimate right to choose the editor.

The bulk of the letter details the paper's position relative to its two main rivals—the Sunday Times and the Sunday Telegraph.

He says that "there has been a serious loss of ground, and there is a dangerously volatile situation requiring a settled climate and a promotional energy which Lonrho intends to provide." A reference to the Monopolies Commission would, he says, "have serious adverse effects."

Mr. Rowland asks for a number of assurances from the chapel, including a welcome for his ownership; a recognition that The Observer must be profitable; a demand that the members "act loyally in furtherance of The Observer as a commercial enterprise"; and, "in the event of The Observer failing to make a profit," a recognition that the proprietor would have to make certain changes."

In an analysis of the paper's circulation, Mr. Rowland says that The Observer is now number three in the quality Sunday market, selling in December 1980 some 929,000 copies each week, compared with the Sunday Telegraph's 1.002m and the Sunday Times' 1.42m.

He says that it is a matter of surprise that the paper did not pick up more readers than the Sunday Telegraph during the 11-month closure of the Sunday Times.

The NUJ chapel was meeting yesterday evening to consider its response to the letter.

More water men vote to accept 12.3% deal

BY OUR LABOUR CORRESPONDENT

MANUAL WORKERS in the water industry in Yorkshire and Northern Ireland have voted to accept the National Water Council's final pay offer of 12.3 per cent.

The decisions, taken by clear, though not overwhelming, majorities, are the first strong indication that opinion among the 32,000 workers might be moving towards reluctant acceptance.

However, the Yorkshire meeting of delegates representing some 1,700 workers — members of the General and Municipal Workers Union — took over three hours to come to a decision after an often heated meeting.

The meeting condemned as "deplorable" a statement made by Sir Robert Marshall, the council's chairman, that he had "taken the workers to the brink."

Officials representing the 6,000 craftsmen in the industry have also decided to accept a similar offer—providing it is accepted by the manual workers.

The craftsmen have been offered 10.2 per cent on basic rates and estimate that consolidation of efficiency supplements will bring the offer up to 12.6 per cent.

The new basic rates would be £88.60 for the lowest paid craftsmen, £92.80 for the bulk of the workers and £101.60 for craft technicians.

The 10-day unofficial strike by 200 manual workers in the north-west will continue, after a mass meeting voted against accepting assurances from the North West Water Authority that the pay claim would not cause redundancies.

A further regional delegate conference of the GMWU, in the East Midlands area, will vote today. The two large regions—London and the West Midlands—will vote next week.

Union will back action on Linwood

By Christian Tyler, Labour Editor

A UNION has authorised industrial action to prevent the closure of Peugeot-Citroen's Linwood plant in Scotland, including the blocking of cars imported to Britain by the company.

The Transport and General Workers' Union executive will ask the union's dockers and drivers to comply with the decision taken by the mass meeting of Linwood workers later this month.

The executive gave a cautious welcome to Nissan's decision to build a motor plant in the UK. Mr. Moss Evans, general secretary, is to visit Japan next week when he hopes to meet Nissan's chairman.

This could lead to discussions between the company and the union about trade union recognition in the new works. Japanese employers in Britain prefer to recognise one company union if possible. Mr. Evans said yesterday that he would be pressing the TGWU's claim if such an approach was made.

The union was the rational choice since it represented, he said, 80 per cent of the workers building passenger cars in Britain.

Last night Mr. Evans was leading a trade union delegation to meet the chairman and senior management of Courtaulds, which is planning to shed pobs at Aintree, Liverpool, and Carrickfergus, Northern Ireland.

Some bank union groups ready for ballot on pay

BY NICK GARNETT, LABOUR STAFF

ASSISTANT SECRETARIES of the Banking, Insurance and Finance Union had a formal meeting yesterday to discuss members' response to the 8.5 per cent offer by the English clearing banks.

Sections of the union's membership are prepared to be balloted on industrial action over the offer were expected to have informed the union's executive by today.

BIFU members who have informed officials that they are prepared to be balloted include a number of London branches.

Computer staff at Lloyds Bank's principal cheque clearing centre at aSmpson House in London are understood to be one such group. At least one city branch is ready to be balloted and the West End branch is understood to have already set up a special committee in the event of industrial action.

A number of branches in the provinces have also put forward resolutions to the executive on balloting. The Avon area and the West Midlands are thought to be particularly active.

The Federation of London Clearing Bank Employers is scheduled to meet the unions next week and is expected to eventually improve the offer to 9 per cent or slightly more.

Both BIFU and the Clearing Bank Union—which negotiates in three of the five Clearers—have rejected the present offer.

Print jobs plea

ABOUT 1,200 workers at Norprint printing group, Boston, Lincs., have been asked to delay a pay increase of £6.60-£7.50 due next month until October to avoid redundancies.

Tribute to Bevin

By Our Labour Editor

A TRIBUTE to the trade union and political work of Ernest Bevin as founder of the Transport and General Workers' Union and Minister of Labour was delivered last night to mark the 100th anniversary of Bevin's birth.

Mr. Jack Jones, former general secretary of the TGWU, drew some parallels between Bevin's times and the present in a memorial lecture.

Holiday flights may beat stoppage

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ALTHOUGH ALL scheduled airline services in the UK will be suspended next Monday while a strike by civil servants disrupts air traffic control services, some charter airlines and private aircraft will still try to fly.

Thomson Holidays and Cosmos, two leading holiday tour organisers, are still asking their passengers to turn up at regional airports, where local air traffic controllers are not civil servants and are not involved in the dispute.

These airports include Luton, Bournemouth, Newcastle, Teesside and East Midlands, where the controllers are employed by the local authorities running the airports.

Britannia Airways said that it hoped to operate most of its planned 40 flights from the regional airports outside the control of the Civil Aviation Authority's controllers.

Some passengers from strike-hit Gatwick will go by coach to Bournemouth, while passengers at Glasgow and Edinburgh will go by road to Newcastle.

Britannia said: "Aircraft from Luton will fly at 2,500 feet to Southend to pickup the radar there. We don't have to get clearance for that. Our operations team see no problems at all, and obviously we would not fly unless we observed all the safety regulations."

But all scheduled air services to and from the UK will be halted on Monday. Flights that over-fly the UK to and from the Continent will be re-routed via France, Spain and Portugal.

The air traffic controllers involved are members of the Institute of Professional Civil Servants, although their employer, the Civil Aviation Authority, is not part of the Civil Service.

About 1,100 civil air traffic control officers are involved, together with about 900 assistants and 1,500 engineers, teleprinter operators and clerical staff.

Mr. Cliff Crook, the union's national officer for civil aviation, commented: "It looks like not an aircraft will fly. It is the first time ever that all the unions have combined to take action. It might be a watershed in industrial relations, but it is not a tremendously happy one."

● The Transport Department said yesterday that because of the strike it could not ensure driving tests being held on Monday.

Chairman Du Cann faces the criticism with calm

By John Hunt, Parliamentary Correspondent

MR. EDWARD DU CANN, chairman of the Commons Treasury Committee, found himself cast in the role of Mr. Christian in Mutiny on The Bounty when he was interviewed yesterday on BBC Radio about the committee's devastating critique of the Government's monetary policies.

Sir Robin Day suggested that the report had driven a coach and horses through the Government's economic strategy and—in the words of Captain Bligh — "this is mutiny sir!"

But Mr. Du Cann, who is also chairman of the 1922 Committee of Conservative Backbenchers, was having none of it. Calmly he explained that the committee was merely doing its duty by turning a searchlight on Government policies.

Later, MPs had a chance to take up the issue when Mrs. Thatcher answered Prime Minister's questions in the Commons. The report, coming on the same day as the CBI's demand for a £6bn reflation programme, provided the Labour Party with an unequalled opportunity to put the Government in the dock.

Mrs. Thatcher seemed prepared for trouble and rather ominously was wearing that black outfit which fashion writers tell us makes her appear "splendid and authoritative."

Mr. David Steel, Liberal leader, sailed into the attack and asked her if she had seen the report. According to him the most convincing witnesses before the committee had advocated fine Liberal doctrines including an incomes policy combined with sound fiscal and monetary measures.

Smoothly Mrs. Thatcher replied that she had heard Mr. Du Cann talking about the report on the radio and had thought his performance "quite excellent."

With this surprising reply the chairman of the select committee seems to have been given a reprieve. No hanging from the yardarm, no keel hauling, not even a public flogging.

By this time an eerie calm had settled over the Opposition benches. Instead of highlighting the indictments from the select committee, Mr. Michael Foot, leader of the Opposition, squandered his ammunition by asking questions on Northern Ireland, overseas aid and the plight of old aged pensioners.

There were certainly no signs of mutiny on the Government backbenches.

Conservative MPs rallied to the Prime Minister's support and cleverly tacked backwards and forwards with questions about energy, Lambeth council and the West Indies cricket tour.

On the Labour benches, only Mr. Alfred Dubs (Battersea South) had the gumption to ask the Prime Minister about the CBI's demand for expansion.

Mrs. Thatcher conceded that she had taken a "quick look" at the CBI document and found some very good and interesting stuff. Neatly she turned the tables on the Opposition by pointing out that the document also said that extra capital spending must come from reduced current expenditure and the sale of public assets. She would be very interested to know what Mr. Foot thought of these propositions.

Yesterday's lacklustre performance from the Labour benches is another sign of the debilitating effect of the internal bickering within the party and the developing rivalry with the Social Democrats.

Soon after the Prime Minister left the Chamber unscathed, Mr. Bob Cryer (Lab., Keighley) was bitterly complaining that MPs who were elected on a party ticket and then changed their allegiance were "Parliamentary cheats." He suggested the Government should introduce a resolution allowing by-elections to be called in these circumstances.

At this stage Mr. George Thomas, the Speaker, decided to introduce some discipline of his own. He sternly warned that any Government which issued by-election writs against MPs who did not wish to leave the Commons would find itself in deep trouble.

Hayhoe claims some civil servants reluctant to strike

BY IVOR OWEN

Morris: "Government must accept blame for gravity of situation."

SOME CIVIL SERVANTS are reluctant to respond to their union's call for a one-day general strike on Monday, Mr. Barney Hayhoe, Minister of State for the Civil Service, claimed in the Commons last night.

He contended that they resented and deplored the leadership they were being given, especially as in some instances it was from Left-wing union leaders.

Mr. Hayhoe underlined a firm declaration made earlier in the Lords by Lord Soames, Lord President of the Council and the Cabinet Minister primarily responsible for the Civil Service, that the 7 per cent pay increase now on offer will not be increased.

Both insisted: "That is simply as far as we can go."

Mr. Hayhoe denied Labour charges that by suspending the operation of the Civil Service Pay Research Unit the Government was deliberately subjecting civil servants to a discriminatory incomes policy.

Nor would he accept that the Government was to blame for making civil service pay a political issue.

Mr. Hayhoe pointed out that other groups—like the local authority manual workers and the teachers—were settling at about the same levels within the constraints imposed by the cash limit set by the Government.

"It is evident from this that there is no question of discrimination against the Civil Service," he said.

Mr. Hayhoe also argued that there were many people in private industry who would feel that an offer of 7 per cent at the present time would be classed as a good one, given the general economic climate and the relative job security that civil servants enjoyed.

He acknowledged the fear of civil servants that the imposition of an increase this year based on the Government's cash limits—coupled with the suspension of pay research—meant that the Government intended that civil service pay should be imposed by fiat each year.

"But this is not the case," the Minister emphasised.

At the same time Mr. Hayhoe admitted that he was unable to guarantee that the new arrangements which the Government is thinking of introducing to replace the "mechanistic" operations of the Pay Research Unit would be established in time for the 1982 pay round.

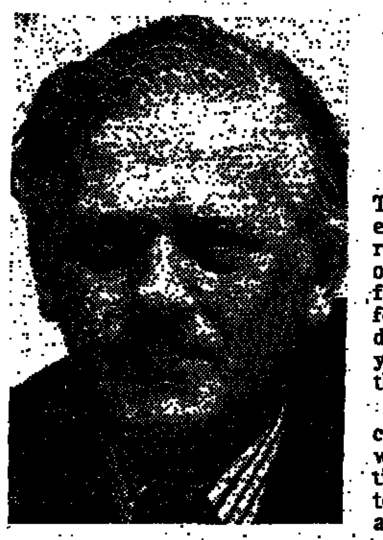
But he suggested that the biggest contribution which the unions could make to the attainment of that objective would be to get round the table for talks on the matter as quickly as possible.

Mr. Charles Morris, Labour spokesman on the Civil Service, insisted that the Government must accept the blame for the "gravity of the situation" which would arise on Monday.

To Labour cheers, Mr. Morris maintained that civil servants had a right to know why a Prime Minister and a Government who never wearied of expressing opposition to a national wages policy should be hell bent on imposing one.

There were shouts of disagreement from the Tory benches when he asserted that when civil servants pursued their pay claims they were always in the position of catching up with the private sector.

Mr. Hayhoe replied that the pay increases received by the Civil Service in 1979 and 1980 totalled just under 50 per cent.



Hayhoe: "No question of discrimination against Civil Service."

Plan to extend youth opportunity schemes in armed services

BY PAULINE CLARK, LABOUR STAFF

THE GOVERNMENT is expected to come under renewed fire from Labour MPs on the issue of military training for unemployed young people following the disclosure yesterday of proposals to extend youth opportunity schemes in the armed services.

The Ministry of Defence confirmed that consideration was being given for the first time to attaching young people to non-civilian staff in the armed services.

The proposal was among a series of ideas for extending the department's sponsorship of Youth Opportunities Programme places which had been sent for consideration to the Manpower Services Commission by Department of Employment officials.

The MoD was responding yesterday to a claim by National Association of Teachers in Further and Higher Education that the Government was laying plans to recruit unemployed youngsters into a six month uniformed military training programme.

The union, which attacked the proposal as "a seriously retrograde and damaging step against the best interests of young people in their preparation for adult life," said the young unemployed coming under the scheme would be all male and would be billetted in armed services barracks on pay of £23.50 a week—the standard YOP allowance.

Although neither the MoD nor the MSC would disclose details of the proposals to be considered by the commission's special programmes division, the union claimed some 1,000 young people could be involved.

It was emphasised yesterday, however, that any such scheme would be voluntary.

No decision had been made however and the MSC had only been invited to study the feasibility of the idea.

The issue of military training in uniform for the young unemployed was raised in Parliament only a month ago by Mr. Alex Lyon (Lab., York) and a former Minister at the Home Office, who asked Mr. James Prior, Secretary of State for Employment, what consideration was being given to such a plan as part of the YOP.

Mr. Prior had denied that any such proposal had been submitted to the MSC although the MoD was considering what further help it might offer to unemployed young people.

Foot set to lead campaign to oust Social Democrats

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, the Labour leader, looks set to lead the campaign within the Labour Party to persuade the 12 Social Democratic MPs at Westminster to resign their seats and fight by-elections under their new colours.

He will accuse them of a breach of faith both with their local Labour parties and, more fundamentally, with the electorate.

Mr. Foot's call will be an attempt to undermine the Social Democrat's credibility. His view is that their popularity is greatly overrated and that they would be very lucky to get back to the Commons even if they fought by-elections now at the height of the publicity surrounding them.

Come the General Election, he believes, Social Democrats will fail to win any seats. He apparently thinks that opinion polls taken at this stage of a Parliament are never a good guide to what happens two years' later at an election.

Nevertheless, Mr. Foot has had to acknowledge that the breakaway could harm Labour.

In the week before the Social Democrats finally announced a split with Labour, Mr. Foot became increasingly open in his attacks on them. His strategy now looks like being to try to belittle them, by writing them off as a flash in the pan, while at the same time backing the calls of Labour MPs for their resignation.

One Labour backbencher has already prepared a 10-minute rule Bill which will give Labour MPs an opportunity to express their views on the subject in a vote in the Commons. Even if Mr. Foot does not actually vote for the Bill himself he will certainly not discourage his backbenchers from doing so.

Meanwhile in the Lords yesterday another five Peers from the cross benches—Lord Hunt, Lord Flowers, Lord Ashby, Lord Kilmarnock and Viscount Hanworth—joined the nine former Labour Lords who have declared themselves as ready to join the new party.

Transport Bill to be guillotined

Financial Times Reporter

THE GOVERNMENT is to guillotine the Transport Bill.

The outline of the timetable, aimed at speeding up its progress, will be debated on Monday.

The Bill contains major changes in the drink-driving laws, new penalties for driving offences and the hiving-off of parts of British Rail and ports to private operators. MPs have sat late into the night recently examining the measures line-by-line.

The announcement of the guillotine by Mr. Francis Pym, Leader of the Commons, was immediately attacked as "quite intolerable" by Mr. Michael Foot, Opposition leader.

But Mr. Roger Moate (C., Faversham) said that after 65 hours of debate in committee on the 76-page Bill, MPs had only reached the sixth page.

Overseas aid to be scrutinised

BY DAVID TONGE

BRITAIN is to examine its contribution to multilateral aid agencies "with a view to bringing it more in line with our relative economic strength." It will also subject any proposals for additional international agencies "to particularly rigorous scrutiny."

This firm line was spelt out yesterday in a memorandum prepared by the Overseas Development Administration for the House of Commons Subcommittee on Overseas Development. The memorandum showed that Britain's net public expenditure on overseas aid in 1980 was 18 per cent less than in 1979.

The subcommittee particularly criticised the cut in aid to the porest countries such as India and Sudan. In constant 1979 prices such aid fell by 26 per cent, from £336m in 1979 to £250m in 1980. Most of the cut is due to slow disbursements on aid to India, the major British aid recipient. No explanation for this was given to the subcommittee.

The witnesses to the subcommittee were led by Lord Bridges, Deputy Under Secretary at the Foreign Office handling economic affairs, and Mr. Barry Hudson, Assistant Secretary at the Aid Policy Department of the ODA. They were unable to comment on the report that British aid had fallen from 0.51 per cent of GNP in 1979 to 0.34 per cent in 1980, the lowest proportion since the Overseas Development Ministry (as the ODA used to be) was formed in 1966.

Lord Bridges reiterated British support for a proposed summit meeting of 20 to 25 world leaders on North-South issues, called for in the Brandt Commission's report and expected to be held in June. Lord Bridges said that Britain would like the summit to be "relatively unstructured" but to include discussion on four issues: energy and the problems to which it has given rise; financial flows between countries; food; and population.

Lord Bridges did not know whether the U.S. and the Soviet Union would attend. He said China had not been invited. He made it clear that Britain did not want reform of institutions such as the World Bank and the International Monetary Fund to be on any formal agenda.

Parliament next week

COMMONS

Monday: Guillotine on Transport Bill. Appropriation (Northern Ireland) Order.

Tuesday: Budget Statement and Debate.

Wednesday and Thursday: Continuation of Budget Debate.

Friday: Private Members' Motions.

LORDS

Monday: Gas Levy Bill, Second Reading. Commons Members Fund and Parliamentary Pensions Bill, Second Reading. Industry Bill. Northern Ireland Orders. Town and Country Planning (Fees) Regulations. Matrimonial Homes and Property Bill, Second Reading. Debate on EEC Rights of Residence.

Tuesday: Wildlife and Countryside Bill Report (First Day). Carriage by Air Acts Order.

Wednesday: Debate on British Industry's competitiveness. Licensing Amendment Bill, Second Reading.

Thursday: Industry Bill: Third Reading. Wildlife and Countryside Bill: Report (Second Day). Town and Country Planning (Minerals) Bill, Third Reading.

Plowden for chairman on top pay body

BY RICHARD EVANS, LOBBY EDITOR

LORD PLOWDEN has been appointed chairman of the Top Salaries Review Body following the resignation of Lord Boyle because of ill health.

The Review Body plays a key role in determining the level of top salaries over a wide area including the senior Civil Service, higher judiciary, senior officers in the armed forces, chairmen and board members of the nationalised industries, and MPs.

The next major report is expected to be delivered to the Government in the late spring or early summer.

Continuity is assured by the appointment of Lord Plowden, announced yesterday in a Commons written answer from the Prime Minister, as he has been a member of the Review Body since 1977.

In addition, Lord Boyle, the former Education Minister Sir Edward Boyle, is to continue as a member of the board.

Mrs. Thatcher said she had accepted Lord Boyle's resignation with great regret. He was recovering from illness and with his other commitments he did not feel that he could at present fully discharge the duties of chairman.

"I am deeply grateful to him for his distinguished contribution as chairman since the body was set up in 1971," she declared.

Lord Plowden, president of Tube Investments and chairman from 1963 to 1976, is also chairman of Equity Capital for Industry and the Police Complaints Board.

Minister denies Diplock 'whitewash'

FINANCIAL TIMES REPORTER

MR. WILLIAM WHITELAW, Home Secretary, yesterday denied that the inquiry by Lord Diplock into telephone tapping was a "whitewash." The inquiry concluded that telephone tapping was an essential weapon in the fight against crime.

Lord Diplock, a Lord of Appeal, was appointed last June to monitor the extent of phone tapping authorised by the Home Secretary. In his report published this week, Lord Diplock said he was satisfied phone tapping procedures were working satisfactorily with the minimum of interference with individual privacy and in the public interest.

During question time in the Commons yesterday Mr. Bob Cryer, (Lab., Keighley) said the report was "so complacent as to amount to a whitewash."

Mr. Roy Hattersley, Shadow Home Secretary, said many people regarded the report as wholly inadequate, addding that, "In many ways it arouses more fears than it dispels."

But Mr. Whitelaw said: "I do not accept that the report was a whitewash. It is certainly important to those like myself who have to carry out this unenviable task. It shows we have carried out that task conscientiously and to the best of our abilities."

He said he would reserve making fuller remarks on the whole issue of phone tapping until the matter was debated during later stages of the Telecommunications Bill.

Later in a written reply to Mr. David Winnick (Lab., Walsall North), Mr. Whitelaw said: "I propose to make no changes to the procedures examined by Lord Diplock."

He said he had welcomed the report and noted Lord Diplock's conclusion that "the procedures for the interception of communications are working satisfactorily and with the minimum interference with the individual's rights of privacy in the interests of the public weal."

Maguire's death leads to by-election speculation

BY OUR BELFAST CORRESPONDENT

MR. FRANK MAGUIRE, the Independent Republican MP who has represented the Fermanagh-South Tyrone constituency in Northern Ireland for almost seven years, died in hospital yesterday after collapsing at home.

Mr. Maguire, 51, won the marginal seat in October 1974 from the then Official Unionist Party leader Mr. Harry West. In May 1979 he almost doubled his majority to 5,000.

Mrs. Bernadette McAliskey, the former Miss Bernadette Devlin, has already been suggested as a possible anti-Unionist candidate in a by-election. She was released from hospital recently after being shot in an attack on her home.

The Roman Catholic vote in the constituency will be split if the SDLP, the main Roman Catholic party, fields a candidate. The Unionist camp is also likely to be divided as a result of the current feud between the Rev. Ian Paisley's Democratic Unionists and the Official Unionist Party led by Mr. James Molyneaux.

Mr. Maguire was rarely seen in the House of Commons and never made a maiden speech in the accepted sense. His main pre-occupation was over the treatment of Irish prisoners in British jails.

He was the centre of attention in Parliament in 1979 when his abstention in a crucial division was said to have contributed to the downfall of Mr. Callaghan's Labour Government.

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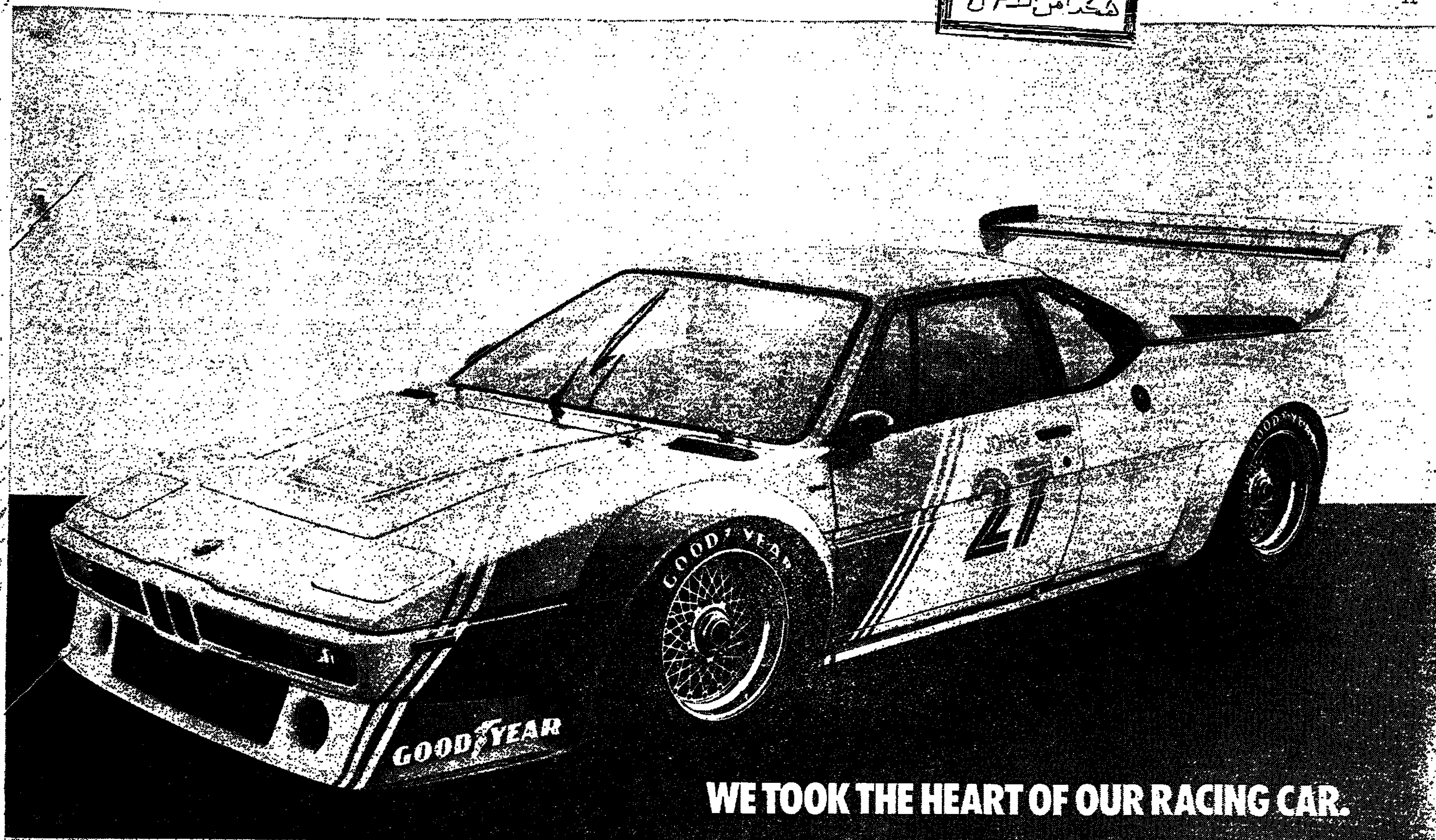

BMW have never felt that ostentation served any useful purpose.

So this new addition to the BMW 5 Series range doesn't flaunt its additional performance.

Only an aerodynamic spoiler hints at what lies beneath the bonnet: a six cylinder 3.5 litre fuel injected engine, which, in the racing version above, produces 470 bhp.

In this version, developed by BMW Motorsport for everyday use, it develops 210 bhp. So it's in no way being strained beyond its limits.

And without needing the extravagance of 12 cylinders or turbo-charging, it can reach 60mph in approximately seven seconds.

This is not, however, one of those high performance engines whose sheer brute force almost bullies you to drive faster than you want to go.

It's perfectly happy to dawdle along through traffic in top. And then, even below 1,000 rpm, it can pull away without snatch or shudder.

Nor is this one of those intimidating machines whose performance is almost unstoppable. For, along with the carefully developed suspension, 10" diameter disc brakes are fitted on all four wheels.

A precaution which results from our conviction that a car's braking should always be faster than its acceleration.

We're also convinced that engineering efficiency rather than just raw performance is the criterion by which any car should be judged.

So we've ensured that the M535i uses up to a third less petrol than those few cars that are as fast.

And that it can comfortably take five people and their luggage, instead of two people and their attache cases.

A fact which prompted the Financial Times, who know a good investment when they drive one, to observe of the M535i "It really does make a nonsense of cramped and nervous supercars costing more than twice as much."

There will, of course, be those for whom the notion of a race bred engine is more than their driving style actually needs.

Which is why the BMW 5 Series offers you no less than five different engines, so you can have exactly the amount of power that you want.

And though the performance of individual engines is more restrained, it is never compromised.

The two litre 520, for example, offers you a sophisticated in-line six cylinder engine. Instead of resorting to the cruder configurations that seems to tempt mass produced cars in its class.

Nor, too, is the character of any of the cars in the BMW 5 Series range ever compromised.

Each one remains a driving machine, tauter and more solid than cars whose drivers demand less.

Because each one remains a BMW: a car whose heart is in exactly the right place.

THE ULTIMATE DRIVING MACHINE

THE BMW 5 SERIES START AT £6,985. THE BMW M535i COSTS £13,745. PRICES, CORRECT AT TIME OF GOING TO PRESS, INCLUDE CAR TAX AND VAT BUT NOT DELIVERY OR NUMBER PLATES. (THE M535i ILLUSTRATED IS FITTED WITH OPTIONAL HEADLIGHT WASH/WIPE AVAILABLE AT EXTRA COST). DoE FUEL CONSUMPTION FIGURES: M535i URBAN CYCLE: 14.6 MPG (19.3l/100KM), 56 MPH: 32.9 MPG (8.6l/100KM), 75 MPH: 26.6 MPG (10.6l/100KM). FOR A 5 SERIES INFORMATION FILE, PLEASE WRITE TO: MARKETING DEPARTMENT, BMW (GB) LTD., ELLESFIELD AVENUE, BRACKNELL, BERKSHIRE RG12 4TA. FOR TAX-FREE SALES: 56 PARK LANE, LONDON W1. RING 01-629 9277.

THE PROPERTY MARKET BY MICHAEL CASSELL

Shop investment remains strong

INSTITUTIONAL investment in prime shop properties continues to ignore the chronic state of health of the retail sector.

Shops remain the centre of attention in the property investment market and Healey and Baker have now reduced their prime yield graph for retail space from 4 per cent to 3¾ per cent, the lowest level since the agents began the exercise ten years ago.

The adjustment reflects what most people in the market have accepted for some time and Healey and Baker itself is believed to have recently negotiated one investment transaction just below the 3¾ per cent level. Deals elsewhere are also known to have been done at 3½ per cent, with the acute shortage of top quality opportunities every bit as decisive a factor as the prevailing level of demand.

Healey and Baker emphasises that retail rental growth last year fell to only about 13.6 per cent against 35 per cent in the previous twelve months but it makes the point that average shop rentals are nevertheless still moving ahead, particularly in the south-east where growth still exceeds inflation.

The agents reaffirm their belief that with institutional investment in property recently running at just over 14 per cent of total investment outlay — nearly half the more normal proportions — the volume of funds seeking high-quality real estate remains high and is continuing to help maintain a stable market.

The policies of retailers and investors seem to be running in parallel in the sense that not only are investors concentrating on prime properties but multiple chains are also tending to close their less-well-located branches in order to concentrate their efforts on successful locations.

According to Healey and Baker, the likely trend for shopping in the current decade is a continuation of shop closures, possible with one out of 13 disappearing within the next ten years.

It does not, however, expect closures in prime locations in major towns or regional or district centres, and believes that secondary and tertiary positions on the edge of town centres and housing estates will suffer most.

Where do retail yields go from here, given that a major psychological barrier appears to have been reached? Paul Orchard-Lisle of Healey and Baker says that the funds are now beginning to pay less attention to what yields show today and are looking more closely at rental growth projections. As a result, the "universal" yield could disapear and individual judgments will increasingly be made with the benefit of detailed historical information on performance.

Brent Cross talks go on

THE ARRIVAL of a new tenant at Hammerson Property's Brent Cross shopping complex in North London has added a significant new ingredient to rent review negotiations now taking place with around 50 tenants at the 790,000 sq ft centre.

Last month, Carvela Shoes moved into a unit of about 2,000 sq ft—just two weeks before rent increases were due to have been implemented for a number of Brent Cross tenants. This is the first rent review for the centre which opened in March 1976.

Under the terms of the lease, the annual rental for the shoe shop is understood to be on a sliding scale over five years, rising from £75,000 to £90,000 and averaging around £84,000 a year—or £42 a sq ft.

This is significantly more than Brent Cross tenants currently pay for similar-sized space in comparable locations in the centre, but less than Hammerson's is thought to have asked when rent review negotiations were triggered around six months ago.

Retailers estimate that the present rent for a similar sized store to that now occupied by Carvela, is around £15 a sq ft but they say that Hammerson's have asked for rents in excess of £50 a sq ft for standard-sized units.

The tenants are strongly opposed to the rent increases proposed by Hammerson which, they say, bear no relation to the present plight of retail trading. Some store operators have threatened to leave the complex if rents are forced to rise too sharply.

Last year 47 Brent Cross retailers—with rent reviews due in 1981—established a committee to present a united front in their dealings with Hammerson and Donaldsons, the property group's advisors. Gerald Eve is represetning the Brent Cross Traders' Committee in negotiations which could yet go to arbitration.

Both sets of advisors are now examining the implications of the Carvela lease for future rentals at the centre. Some retailers are already arguing that the Carvela deal includes a premium element, while it is understood that Hammerson may point to another transaction concluded in the past six months which the group will argue has established an even higher market rent than that agreed with Carvela.

The debate over the implications of the Carvela deal will be of particular interest for Richard Shops, the fashion retailers which operates a Brent Cross store next door to the one now occupied by Carvela. Richard Shops' rent review is due about now.

Hammerson has strenuously argued that traders have benefited during the past five years from the low rentals established when Brent Cross first opened. The centre has undoubtedly been a huge success and Hammerson says that rents should now be brought into line.

It is a persuasive argument but there will also be some sympathy for the retailers when they say that trading has been badly hit by the recession and that this should be taken into account during current negotiations. Whether these two views of Brent Cross can be reconciled amicably remains to be seen.

Hammerson, which holds a 125-year underlease on Brent Cross from Standard Life Assurance, has never publicly disclosed the full extent of its interest in the shopping complex. But there has been little dispute over figures produced in January by stockbrokers Laing and Cruikshank, which estimated that Hammerson will in 1981 be entitled to a 26 per cent share of the centre's net rental income.

This is understood to be a smaller share than at present but Laing and Cruickshank say that the impact of forthcoming rent reviews are likely to cancel out the impact of changes in Hammerson's leasehold interest. The brokers say that the combined effect of rent reviews and the reclassification of Brent Cross as an investment property —rather than a development property—could see Brent Cross generating pre-tax profits of £1.2m rising to £2.3m by 1984.

Laing and Cruickshank believes that Hammerson will be entitled to higher percentage of any increase in income beyond 1981. The brokers estimate that Hammerson's interest in Brent Cross is currently worth around £24¼m.

Andrew Taylor

Recession passes by

THE CONTINUING resilience of some of the south-east Asian economies continues to work wonders for the local property markets, according to two reports issued this week.

The international recession seems to have largely overlooked places like Hong Kong, Malaysia, Indonesia and Singapore, according to Richard Ellis and Jones Lang Wootton, both of which operate extensively in the region.

Local commercial property markets continue to be characterised by high rental and capital growth, strong demand for space and hectic developments programmes.

While rents in Singapore, for example, have effectively doubled in a little over one year Hong Kong has recorded rental increases of anything up to 65 per cent in the last 12 months. New development in the British colony will this year alone provide around 6m sq ft of office space.

There are some signs, however, that the recent rate of progress may soon be slowing down in some areas. Both Ellis and JLW agree that in Hong Kong in particular rents may be close to reaching their zenith and that the market may stabilise in late 1981.

GKN starts scheme to fill empty space

GKN DISTRIBUTORS thinks it has found a way to attract tenants to a vacant 110,000 sq ft warehouse in the West Midlands, where demand for this type of space has hit rock-bottom.

Reorganisation elsewhere within Guest Keen and Nettlefolds last year left the group with two 110,000 sq ft "mirror image" warehouses on a site at Wednesbury for which it had no use. There is 14 years remaining on a 21 year lease granted by Legal and General pension fund at a rental of £1 a sq ft.

Confronted with a warehouse market showing about as much life as Wolverhampton on a wet Wednesday night, disposal was a non-starter and GKN Distributors moved in just over a year ago to centralise its own operations and occupy about half the space.

The empty 110,000 sq ft was, however, costing around £250,000 a year in wasted overheads and the search began for a formula which would replace acres of empty concrete with badly needed income.

The answer is a flexible package being offered to potential tenants, which not only provides any combination of floorspace but includes a complete storage, handling and transportation service for the building's occupants.

The scheme is being primarily aimed at importers into the UK who want to test the British market on a low outlay basis. Already three companies have taken space and another three are due to join them in the next few weeks. The three existing tenants have between them occupied nearly 25,000 sq ft although GKN expects a more typical tenant will want between 1,000 sq ft and 2,000 sq ft.

Rentals will be infinitely variable to reflect the range of services taken up but occupiers will be charged a basic rental of between 4p and 8p a square foot a week for floorspace depending on whether or not "extras" like heating or security areas are required. One existing tenant taking full advantage of the services on offer—which can include breakdown and repacking, simple assembly processes and computerised stock control —is now paying the equivalent of about £5 a sq ft per annum.

Mr. John Huband, chief executive of GKN Dirstributors, says that the operation will break even if 60 per cent of the space is taken up. "We are being realistic about the scheme's prospects but are hopeful that it will enable us to convert a worrying liability into something of an asset."

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A FINANCIAL TIMES SURVEY
SCOTTISH PROPERTY
24th APRIL, 1981

The Financial Times proposes to publish a Survey on Scottish Property. The provisional editorial synopsis is set out below.

1. INTRODUCTION
2. OFFICE SPACE
3. SHOP AND RETAIL
4. INDUSTRIAL AND WAREHOUSE
5. RESIDENTIAL
6. INVESTMENT
7. PROFILE A look at the Scottish Property market through the eyes of an individual or company involved in it.

Copy date Tuesday, 14th April, 1981.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

The contents, size and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor.

COMMERCIAL AND INDUSTRIAL PROPERTY APPEARS EVERY FRIDAY

ENERGY REVIEW

£1bn-a-year market for British industry in energy-saving equipment

By Ray Dafter, Energy Editor

A COMMON thread runs through the major problems challenging British energy ministers at present although, on the face of it, the issues may seem disparate.

● Most topically, Mr. David Howell, Energy Secretary, must now tackle the question of industrial fuel prices. Wednesday's report of the National Economic Development Council's special task force confirmed that some UK industries are paying considerably more for their fuel and power than their overseas competitors. And yet, at the same time, the Government remains committed to a policy of "realistic" — essentially high—fuel pricing.

● The Government has also been forced to reassess its policies regarding the coal industry. The stringent financial targets set for the National Coal Board last year presaged the closure of many old, unprofitable pits. Now, following the flexing of muscles by miners, Mr. Howell and his team have had to return to the drawing board to see how the demand for home-produced coal can be increased and spare production capacity within the NCB can be absorbed.

● Negotiations about the establishment and financing of the proposed £2bn North Sea gas gathering network drag on, testing the Government's commitment to a mixed project involving British Gas Corporation, oil companies and financial institutions. Mr. Hamish Gray, Minister of State for Energy, resolutely sticks by his estimate that gas will begin flowing through the ambitious pipeline system on time, in 1984-85.

● Doubts remain about the amount of new nuclear generating capacity that will be needed in the next decade—and the type of reactor to be used. The Government estimates that 15,000 MW of new plant may be needed—at a cost of around £15bn—but a recent report by the Parliamentary Select Committee on Energy argued that this was to over-estimate the *growth in the demand for* electricity.

Strategy

The link between these issues concerns energy management. The strategy which has emerged from the drab headquarters of the Energy Department involves a gradual reduction in the country's dependence on oil (in line with objectives set by the International Energy Agency *and the Common Market*); *the* exploitation of domestic resources (oil, natural gas, and coal); the development, on economic grounds, of nuclear power (*it is cheaper than power* generation using fossil fuels); and the encouragement of conservation through unsubsidised and thus increasingly more expensive energy prices.

This is all well and good. But more attention needs to be paid to the last of these items: energy conservation and the energy efficiency movement in general.

While the media spotlights remain trained on controversial energy supply issues, those working in the equally important field of conservation, seeking to promote a more sensible use of energy, are left to operate too often in the shadows.

This is a pity. Not only are there major benefits to be obtained from conservation—Royal Dutch Shell reckons that western European energy con*sumption can be reduced by 30* per cent through the use of existing technology—but there is a golden opportunity for companies involved in the supply *of energy-efficient products* and services.

This was made plain at the launching last week of a London Chamber of Commerce *scheme to boost sales of com*panies involved in energy conservation. There it was stressed that western countries were expected to spend £10 trillion (*million million*) over the next 20 years on conservation and equipment needed for a switch from oil burning to coal burning. The UK market *alone is estimated to be worth* over £1bn annually.

But the suppliers of such equipment and services in Britain constitute a fragmented industry. The London Chamber, along with the Energy Department and consultants Cambridge Information and Research Services, have identified over 700 companies making equipment and around 1,000 firms providing conservation consultancy services. It is reckoned that some 30 trade associations have interests in the conservation field.

As with so much to do with conservation, the figures are sketchy. For instance, the Energy Department is unable to say how much the reduction in energy demand last year can be attributed to deliberate conservation measures.

But it would be surprising to find that there had been no real savings, given the catalogue of conservation successes featured in the Department's Energy Management newspaper each month. Such recent successes have included Glenlivet Distillery which is cutting its annual fuel bill by £90,000 through the installation of a waste recovery system, and BL's Longbridge plant in Birmingham which is expecting savings of £308,000 a year as a result of its new advanced microprocessor-based control system.

Most of the successful fuel saving schemes have resulted from investments carried entirely by industry and commerce, for there is little in the way of Government grants and loans available, however much conservation may be in the national interest. Energy Ministers take the view that in the light of high fuel prices, sound management sense will lead to energy-saving investments.

Information

So greater emphasis is placed on the provision of information. Under the Government's energy quick advice service (EQAS), for instance, consultants under contract to the Energy Department answer telephone queries from non-domestic energy users on conservation and fuel efficiency. The Department of Industry operates an industrial energy thrift scheme which enables consultants to pay one-day visits to selected factory sites.

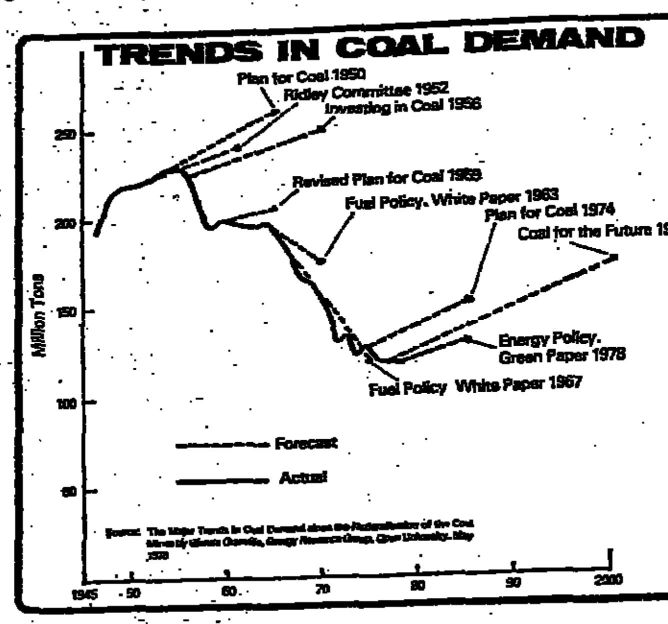
In addition, the Energy Department provides a small initial subsidy—up to £75—towards the cost of employing a consultant for a one-day energy survey of industrial, commercial and public sector premises.

All told, the Energy Department is spending around £3m a year on its various advisory services — about the same amount of money that it expects to allocate in aid for industrial energy - saving demonstration projects in 1981-82. So far about 70 of these schemes have been sanctioned with another 10 in the final stages of approval.

Last summer industry lost one of its financial supports, *the Department of Industry's* Energy Conservation Scheme which, in a two-year period, provided between £20m and £25m towards the cost of boiler replacement, insulation, and work on combined heat and power projects.

The scheme was not extended *although it had stimulated the* replacement of hundreds of old, inefficient boilers — some of them 50 to 90 years old. In 34 projects helped under the scheme companies were able to switch from oil to coal-fired boilers.

Whitehall estimates suggest that there is a £1.3bn market for oil-to-coal boiler conversion schemes with pay-back periods of under five years. The current market for new and *replacement boilers (including* ancillary services) is running at between £100m and £150m a year whereas the potential is thought to be nearer £350m-*£400m annually.*



Oil to coal

Experience with the Energy Conservation Scheme has shown that for an average investment of £100 it is possible to increase coal consumption by one tonne a year, and reduce oil demand by a corresponding amount.

No doubt with this in mind, Sir Derek Ezra, chairman of the National Coal Board, is to *urge the Government to assist* companies in the conversion of industrial boilers from oil to coal firing. This is one of the proposals arising from the recent industry-union-Government talks about the coal industry's future.

Sir Derek told the Coal Industry Society on Monday that such a switch made sense; coal firing was a third or more cheaper than oil firing. "At present, potential industrial consumers are finding it *difficult to* raise the capital which would be necessary to fund conversions. It is hoped that a scheme will be agreed which *will overcome this problem.*"

Similar sentiments were expressed by Mr. Harry Cross, chairman of independent combustion engineers, Energy Equipment Company. "With conditions as they are you cannot expect people here to speculate a lot of money on coal-burning equipment. In France, on the other hand, the Government gives large grants to convert from oil to coal. They also have legislation to make sure that a certain level of coal is burnt. I want to see that kind of encouragement here."

But coal is not the only hydrocarbon resource that can be substituted for oil. Like a number of UK companies Energy Equipment is experimenting with waste fuels such as city refuse, wallpaper offcuts and even chicken droppings.

After watching research and development staff feed damp coffee waste, wood chips and lignite one after another into an *experimental fluidised bed* boiler at Olney, Buckinghamshire, Mr. Cross commented: "You know, people have no idea about the extent of *resources that can be burned* instead of oil."

More specific

Perhaps the time has come when the Government needs to appraise in more depth the opportunities for conservation and fuel-switching. Some might argue that it should be more specific in its energy objectives. Many would sympathise with the mining industry's view that in the current recession market forces alone might not be sufficient to encourage widespread new investment in conservation and energy efficiency equipment. Mr. Howell might *consider taking a leaf out of the* North Sea book.

In the early 1970s the Government set itself a target of reaching oil self-sufficiency by 1980. Licensing policies were geared accordingly. At the same time the Offshore Supplies Office was established within the Energy Department with a remit to ensure that UK supply companies won a greater share of the orders connected with offshore work. The Government succeeded on both counts.

Maybe a body, similar to the Offshore Supplies Office, could carry the banner for conservation, energy efficiency and fuel-switching, ensuring along the way that the UK energy equipment industry is given ample opportunity to win its full ... market.

Energy Equipment Company's test fluidised bed boiler which can be fed with coal and waste products, including coffee grounds and lignite.

MANAGEMENT

EDITED BY CHRISTOPHER LORENZ

Management abstracts

These summaries are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £2.50 each (inc. VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Analysing the Competition. W. Dreger in Management Zeitschrift (Switzerland), Sept. 80: p.411 (4 pages, chart, table; in German, English version available).

Pooh-poohs the notion that it is dishonourable to "spy" on the competition, considers that a knowledge of competitors' plans is essential to the success of an enterprise, and suggests "honourable" ways of acquiring the information.

Goodwill at the Factory Gate. R. Haywood in Industrial Marketing Digest (UK), Vol. 5 No. 4: p.147 (9 pages, illus.).

Suggests that it is in a company's best interests to set out to win the goodwill of neighbours and local community groups; discusses methods which might be used and groups that might be wooed; offers advice on how to develop a public relations programme, and gives examples of companies who have conducted good-neighbour campaigns.

The Transplanting of Management Theories. G. Hofstede in Organisational Dynamics (U.S.), Summer 80: p.42 (22 pages, charts, tables, bibliog.).

Outlines how national cultures develop, and presents criteria to exemplify how such cultures differ from each other; compares the U.S. culture with that of other countries and, in doing so, questions the universal validity of management theories; in particular, points to the dilemma of organisations in transferring management systems to overseas subsidiaries, and argues the need for strategies developed from a clear idea of local cultural values.

The Reduction in the Working Week. J. J. Hughes in British Journal of Industrial Relations (UK), Nov. 80: p.287 (9½ pages, charts).

Traces the background to unions' demands for a shorter working week, presents their case, and suggests consequences for overtime, productivity, and fixed costs.

A consultation 'ideal' clashes with reality

Nick Garnett examines the value of ICI's scheme in the light of its latest cutbacks

IT HAS been an exceptionally hard week for ICI's management, shareholders and employees. Hard on the heels of a slump in profits, and a cut in its dividend, has come the company's decision to merge its plastics and petrochemicals divisions, which is expected to lead to the loss of about 2,000 jobs.

The merger announcement provoked an immediate accusation that the company had failed to consult the shopfloor. A similar complaint was levelled at the management at the end of last year over its decision to shed 4,000 jobs, mostly from a third division, fibres.

ICI did not enter into any consultation with shopfloor representatives before the board took the merger decision, and will now do so only on the issue of how the merger is to be carried through.

Yet ICI has one of the most sophisticated and well-established management-union consultation structures in British industry. It is the kind of system that James Prior, the Employment Secretary, appears to favour, and to see as a model for other major companies.

The choice of ICI's management, twice in quick succession, to make at best a limited use of the system illustrates an unfortunate but obvious fact: that when painful decisions are being made, the principle of extensive consultation tends to clash with the managers' belief in their right to manage. In circumstances such as this week's, it is not surprising that the secretary of the ICI shop stewards' combine, Jack Grimes, should complain that consultation "appears to be a bit of a dead duck at the moment."

But this is far from saying that the company's consultation structure has brought no real benefit, to either management or employees, since it was introduced in the late 1960s and early 1970s.

The structure — which is separate from the white collar consultation system — covers the group's entire UK hourly-paid workforce, which currently numbers 45,000.

Through employee representatives—mainly, but not only, shop stewards—it provides access to machinery that stretches from plant level committees through 78 works committees, 10 divisional committees, up to the central committee, which meets once a year.

This committee, in which the most senior company and divisional directors take part, has itself a number of joint subcommittees, including one dealing with the important issue of business investment.

Investment strategy, health and safety, training and planning as well as day-to-day operational changes at local level fall within the consultation ambit. These are kept distinct from those direct negotiable issues—essentially pay and conditions and, generally speaking, manning—which are dealt with in separate negotiating procedures.

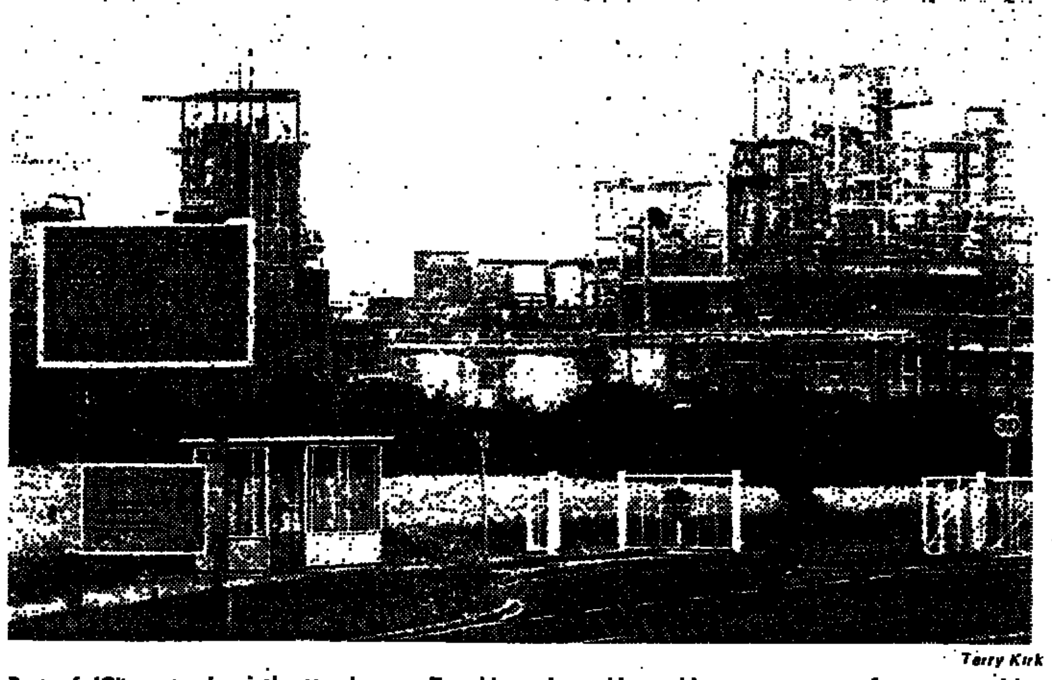
There is enough flexibility to shift issues from consultation into the parallel negotiating set-up and vice versa if the parties want that to happen. Agendas are agreed well before committees meet so in theory everyone has the chance to prepare the groundwork.

Five conclusions can be drawn from the way consultations have developed in the UK's biggest private sector company.

● There have been clear benefits both to the unions and the employees, and to the company. Firstly, the unions have been able on a number of occasions to alter or modify management decisions on sensitive issues at national level.

For example, in 1976, the company was close to deciding that a new £10.5m agrochemicals plant should be built at its Rozenberg site in Holland. The unions managed to change the company's attitude towards that development, and the plant was eventually sited at Huddersfield.

The following year, the unions attempted to reverse a management decision to start a big chlor-alkali investment programme at Wilhelmshaven, West Germany. The unions failed to do that but they did manage to divert some of the earmarked investment to Wilton, on Teesside.



Terry Kirk

Part of ICI's petrochemicals complex on Teesside, where this week's announcement of a merger with the plastics division provoked immediate complaints about lack of consultation

Secondly, John Miller, national chemicals secretary of the Transport and General Workers' Union, and one of the principal architects on the union side of the ICI scheme, says it is impossible on major long term issues for senior management to be unaware of the unions' position on those issues.

"It would be very difficult for the company to ride roughshod over a major groundswell of opinion," Miller says. That does not mean though that the unions are always adept at generating that groundswell or that at the end of the day, senior management will necessarily accept the union's viewpoint.

Thirdly, Derek Holbrook, head of employee relations, and Donald Wilson, who oversees the consultation system, argue that it allows management to explore with the unions the way the business is moving, and the method by which management is moving towards specific decisions.

As a result, says Holbrook, there has been an "enrichment" among ICI union representatives about how the business operates.

Fourthly, consultation at shopfloor level—on the siting of new machinery, production changes, positioning an air vent and so on — has become an important element in plant level labour relations.

● Consultation has tested the calibre of individual shop stewards and managers: a tendency has developed for unions and management to use consultation tactically.

The system has generated some strains and tensions and varies in its success from division to division. Miller says much of this variation results from differing individual abilities. "For every steward who is suspicious of consultation and not prepared to work within the spirit of the thing I'll show you a manager who feels the same."

David Warburton, national chemicals officer of the General and Municipal Workers' Union is very critical of the way consultation works in some divisions. In organics it works quite well, he says. In the plastics division the unions claim that their requests for specialist union observers to be allowed to attend consultation meetings have often been turned down.

He attacks what he sees as a general management trend towards using consultation committees as "postboxes"—providing information but not involving them in real two-way discussions.

The strongest union complaint is that management tries to use consultation to defuse issues, including manning, which might cause problems in the parallel negotiating set up. "Manning is raised in consultation and then this is interpreted by management afterwards as that the unions were aware of proposed changes, with the implication that there was discussion about it in consultation," says Warburton.

A recent internal document to managers in one division that joint consultation should be used as "reinforcement of the management system" comes as no surprise.

"If you say that consultation will not only be used by the company to get its own way that will be because the unions have allowed that to happen," says Miller. "That depends on the ability of individuals and the willingness to use the machinery. There is the machinery there to cope with the problem."

● Management has continued to take the view that the unions do not have the experience to make decisions where the issues are not cut and dried. Holbrook says that the ability of union representatives on the consultation committees is generally high and improving. ICI management also concedes that the unions are right in pointing at some errors of managerial judgment—that the company has been too liberal when allowing licensing to other companies of its processes, for example.

Warburton describes as "balderdash" the management's argument that the unions' principal weakness is that they do not have the experience of decision-making — of getting it right or getting it wrong, and then having to face the consequences.

There is some apparent acceptance by the unionists however, that union representatives have difficulty in seeing what information is relevant and how it should be assessed. "The problem is how to be selective, breaking the information down, interpreting it and using it," says Miller. "The lads are getting better at it though."

● During periods when the company is particularly subject to financial and trading pressures, the gap between management and unions on the criteria they use to make decisions becomes increasingly difficult to bridge.

This is an obvious but important point. In decision-making, managers have to stress financial and trading implications while mindful of social consequences. The unions clearly support this. Their natural tendency, though, to lay greater weight than management on the social effects of UK investment—job losses or gains for example— will naturally become more marked during periods of crisis. Conversely, during those periods, the pressure on management to reduce losses by whatever means necessary also becomes greater.

It is inevitable, therefore, that attempts to create common ground between unions and management through consultation have less success during periods of difficult trading.

● Finally, at the end of the day, ICI management will maintain its right to manage. The company says that union representatives have difficulty living with the problems of isolation in decision taking. It argues beyond this that the unions do not really want the responsibility of sharing decision making. There is some truth in this. Miller, like most other national union officials, does not want union representatives on the board of major companies.

The burden on management to manage becomes more acute during times of financial crisis. Before the announcement of job losses in the fibres division late last year, for example, ICI clearly came to the view that there would have to be very substantial job losses in the division which was facing a loss for the year of £80-£90m.

It also concluded that it was not something that could be projected quietly within the union structure without rumours creeping through the company, with consequent effects on shopfloor relations and the stock market.

As a result it decided to truncate immediate consultation on job losses to a period of a few days and to get the decision out into the open as rapidly as possible.

Inevitably, things are not always quite what they seem. National union officials had been made aware privately of the impending decision for the fibres division. They were also made aware that there was a group of hawks on the ICI board who were pressing for the whole shutdown of the division with the loss of three times as many jobs as were eventually cut.

Many of these union officials were convinced that they faced a Hobson's choice—closure of part or the whole of fibres. They also deduce that under these circumstances they could not afford the luxury of maintaining a long attack on the company's decision. They were, in effect thrown back on one of their traditional roles—trying to protect as much as they could of their members' interests in difficult circumstances. This week they are back in a similar position.

Technical News

EDITED BY ARTHUR BENNETT AND ALAN CANE

Beavering away in NC machine tools

SINCE OUR biggest machine tool company, Alfred Herbert, went to the wall, and the industry worldwide became dominated by Japanese, U.S. and West German sophistication, UK manufacturers have had to face the overseas challenge with similar high technology weapons.

Just before the opening of MACH 80 at Birmingham last year, Mr. J. L. D. Gailey, vice-president of the Machine Tools Trade Association, warned:

"You have just got to use computers with pretty massive number crunching power to schedule, plan and control that complex form or small batch production or you are finished in business, if not today, then tomorrow."

Britain has been exporting cheap machines and importing expensive ones. Substantial development overseas of high technology machine tools, namely numerically controlled (NC) and computer numerically controlled (CNC) contributed to the decline in British machine tool manufacture.

The UK failed to match overseas competitors when these products were initially developed, and despite recent extensive investment is unlikely to catch up in the short term.

But it seems that no nationalistic arm-twisting was employed in Luneside Engineering's choice of a British Beaver machining centre just installed at its Halton works.

Called the NC 15, this replaced an American Pratt & Witney Tapamatic drilling machine, yet will carry out additional operations. Beaver's price is £60,000, against the American cost of £150,000.

"We chose the NC 15 purely on its merit," says Luneside's production manager, Mr. Bernard Cutts. "It's a first class machine which does the job of six conventional machines and can stand up to any foreign import."

His company makes specialised and complicated components for a number of industries including aircraft, shipbuilding and atomic energy.

"Unit prices for the extremely high accuracy components demanded by these industries since the advent of NC/CNC are now so low that it is very difficult to make a profit using conventional machines, bearing in mind that a large batch in our business is 40 components."

Mr. Cutts talks about the increasing problem of finding operators who are sufficiently skilled to produce parts from high tensile steels and alloys to the high accuracies which industry is now specifying.

He says: "Expertise has been taken off the shop floor and is now vested in a different breed of production engineer—namely the specialist in computer numerical control tape preparation."

The cost of employing a number of expert operators is eliminated with the installation of the Beaver machining centre which offers a bonus of minimising costly work-in-progress and banishes the possibility of accumulative errors due to repeated handling.

Before starting to make a new range of highly specialised components, Luneside tested the NC 15's capabilities on the production of these workpieces from an aluminium alloy with tolerances held to within half a hairsbreadth. Although accuracy figures are only available for this component they are representative of those that will be achieved in steel.

In conjunction with its choice of CNC machining, Luneside has also invested in computer tape preparation which it regards as vital for its subcontract business since production runs are so small they prohibit manual programming.

Managing director, Mrs. Ewa Hermacinski says: "Tape preparation which previously took a programmer eight hours to complete is now carried out in under two hours on our Olivetti P6066 computer-based tape preparation equipment. If it took eight hours every time to produce a tape of medium complexity we would not be able to consider anything but long runs."

Another reason influencing the choice of the Beaver machine was its training programme which, said Luneside, no other company appeared to offer. This includes an induction course when the machine is installed and individual training sessions on programming, mechanical maintenance, and on electrical/electronic fault finding.

DEBORAH PICKERING

Making sure the product will always work

BY GEOFFREY CHARLISH

WHY DO some cars not start easily on a cold, damp morning, or go rusty prematurely? Or why should an expensive scientific instrument taken from its packing case after a long journey be found to have vital components inoperative or even lurching about loose inside?

The answer lies in proper environmental testing and in product design that takes the environment into account. All too frequently—even in 1981—design takes place in a pleasantly warm and dry laboratory with the product immobile on a bench. A piece of domestic electronics so designed for example, can prove a great disappointment when installed close to a central heating radiator.

Catastrophic

In fairness, many large manufacturers go to some lengths to ensure that the product will function and—a less appreciated aspect—stay within specification when used in any environment likely to be encountered. Others take the view that the cost cannot be justified, particularly for less expensive products.

Because the results can be catastrophic (battles have been lost in the past), the military is unable to put up with environmental shortcomings of this kind. Large sums are expended in the aircraft industry for example, to prevent problems at the design stage.

British Aerospace at Stevenage has recently spent over £1m in updating an already impressive environmental testing and investigation facility and now claims it to be the most comprehensive in the UK and possibly in Europe.

With the new 20,000 sq ft unit completed and staffed with 34 people, the company has decided to make its facilities more widely available to European industry; typical costs are about £200/hour for the use of a walk-in high altitude simulator £600/hour for structural analysis work.

Simulating the working, transportation or shelf environment of an equipment falls into two parts: natural and induced. The planet's natural environments are nowadays fully reproducible and are concerned with extremes and cyclic variation of temperature, air pressure, humidity and solar radiation, together with the effects of dust, sand, mould growth and sea water.

Less easily defined however, are the operationally induced hazards of shock and vibration and in recent years British Aerospace Dynamics Group has developed sophisticated ways of measuring this environment and then simulating it in the test house.

A major challenge has been with components contained in a guided missile. After a possibly prolonged storage period at almost any temperature they are then subject to the shock of launching and the vibration of flight produced by the rocket engines.

All of this can be measured in flight, telemetered to base, recorded and then analysed for use as the basis of testing. Similar techniques can be applied to road and rail vehicles and to any goods that they may carry.

Pilot performance under test during simulated helicopter vibration at British Aerospace, Stevenage. Digital systems are used for control and presentation of results.

Of great potential value however, is a clever blend of environmental engineering and computer aided design now being pioneered at Stevenage.

One of the bugbears for the engineer trying to optimise a design for shock and vibration is the need to "cut and try" on a repetitive basis with equivalent expenditure on successive pieces of hardware—an expensive process in any industry.

A small team at British Aerospace is using mathematical modelling to allow the designer to get optimised results with little or no hardware at all. The models can be established from basic design data derived from finite element analysis (a computer/video technique that builds up a structure from first principles). They can be modified later as development proceeds with actual values measured from prototype components. The product can be displayed in three dimensional outline on a crt screen and it can even be made to vibrate in slow motion so as to observe flexural modes, vibration nodes (maxima) and so on.

In this way environmental engineering is being extended backwards into the product design and development phase, making it possible to identify and remove potential hazards before the design moves towards the manufacturing phase.

Solar radiation

In general testing of the more routine kind, the Stevenage unit can bring an impressive array of equipment to bear. There are for example, eight big Ling Dynamic Systems electromagnetic vibrators that can produce up to 18,000 lb of peak thrust and can work over a frequency range of a few hertz up to 5 kHz.

Climatic chambers are available into which complete vehicles can be driven, while others will house a space satellite or missile at the near vacuum of space and subject it to the accompanying harsh solar radiation—while shaking it at the same time.

The facilities range right down to the simple matter of discovering—on a controlled and measured basis—what happens to a packing case and its contents when they fall off the back of a lorry.

And it is all ready and waiting for European industry to use.

Detecting a faulty vacuum seal

AN ON-LINE detection system for checking the vacuum seals on food and drink cans and containers, introduced by Integrated Photomatrix, Grove Trading Estate, Dorchester (0305 3673), uses an IPL Linescan solid-state camera to inspect lids for the slight depression caused by a good vacuum seal. When a faulty seal is found the unit produces a signal which is used to actuate a rejection device. Built-in counters can be fitted to record the number of sound and faulty containers.

In operation, the concave surface of a sound lid acts as a focusing mirror. When illuminated with a beam of light a good seal focuses the reflection at a point above the container. Faulty seals, having no depression, act as a plane mirror and leave the light beam unchanged. The focused image caused by a good seal creates a small high-density image in the television camera, while bad seals create a broad low-density image.

The system, known as Topscan, is said to identify low vacuum containers over a wide temperature range so long as enough vacuum has formed to cause some degree of concavity in the lids.

NEWS IN BRIEF

COMMUNICATION

A TELECONFERENCE system claimed to provide optimum aural clarity between an unlimited number of people separated by long distances has been introduced by Millbank Electronics Group, Uckfield, Sussex (0825 4811).

Known as Pac-Talk, it can use private wire networks or communications satellites to enable the participants to talk freely without using telephone handsets, says Millbank. The systems are put together from standard components for any particular requirement.

SAFETY

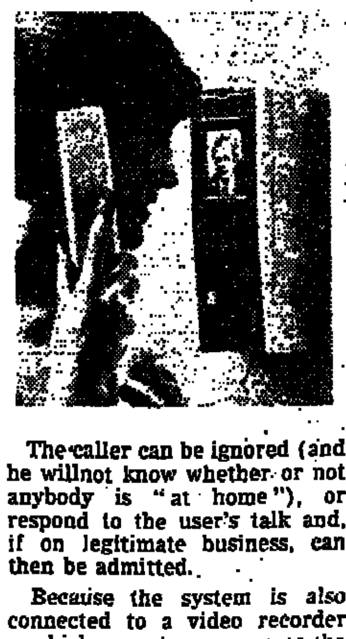
A COMPACT gas leakage alarm introduced by the Finnish company Suunto Oy is designed to give an audible warning through a buzzer of explosion risks caused by petrol, liquefied petroleum gas or carbon monoxide in enclosed spaces, particularly in the bilges and engine spaces of ships and boats. The device, which measures 54 mm by 130 mm by 178 mm, has a built-in transducer and buzzer. An additional transducer is optional. The 12V current consumption with one transducer is 150 mA. Suunto Oy is on 90-847 033.

SECURITY

AN UNEXPECTED visitor at the door of a house, flat or business address can be immediately identified with a compact security system whose hidden TV camera shows the stranger's face on a miniature screen within the premises.

Users should now have no fear of a surprise attack at the front door (the visitor is unaware when he presses the call button that he is observed) with the Video Door Security, says Geemark Trading Co., Lawford House, 1 Albert Place, London N3 (01-346 9374).

The equipment includes a hidden TV camera with lights and microphone set into the outside wall and connected to an internal handset with mini TV screen.



The caller can be ignored (and he willnot know whether or not anybody is "at home"), or respond to the user's talk and, if on legitimate business, can then be admitted.

Because the system is also connected to a video recorder —which operates as soon as the call button is pressed—there is an audio-visual record of a "visit" awaiting the returning householder.

In the event of break-ins reported from a building where the system might have operated in part, the police could also have an ideal method of identification of suspcious characters. On the other hand, some downtrodden husband has the perfect weapon to combat the sudden and unwelcome appearance of a hated mother-in-law. . . .

Cost of the unit, including installation and 50 feet of cable (said to be sufficient for most homes) is about £700 plus VAT.

LOMBARD

A red light for English courts

BY A. H. HERMANN

ENGLISH JUDGES are the envy of the world. The trouble is there are so few of them, the English machinery of justice moves so slowly, statutes are incomprehensible, and judge-made law unpredictable. The U.S. legal system, built on institutions imported from England, faces an even greater overload, but more seems to be done to relieve it and keep its machinery well oiled.

There are no more than 100 High Court judges, including a handful of Lord Justices of Appeal, and that is not enough to go round. The English procedure, both civil and criminal, is ancient, venerable, and unable to cope with the demands of an industrial, multi-racial society that Britain has become. Criminal courts are overtaxed. Civil litigation is kept down only by depriving most of the population of the possibility of demanding justice in a court of law: costs of litigation are so high, and legal aid so restrictive, that only the very poor or the very rich can dare to bring or to defend an action in the High Court.

Petty

Criminal courts are jammed because police prosecute too many petty offenders and non-offenders. Lord Lane, the Lord Chief Justice of England, had to tell Southampton Justices recently that they were wrong in finding a woman guilty of theft only because a cashier in a store charged her £4.99 instead of £6.99 for a pair of shoes. It was a sale, one shoe was labelled £4.99 and the other £6.99. No deception on the part of the woman was alleged. The cashier simply chose to charge the lower price. Any man on the Clapham bus would know that this was no theft, but not the store detective, the police officer concerned, the prosecuting solicitor who relied on a 1939 precedent, the magistrates nor, presumably, their learned clerk.

There is something wrong with the education and training of lawyers if they need the Lord Chief Justice to tell them that this is not true. Perhaps there is something, after all, in teaching law as a conceptual discipline based on a firmly established method. The great American law schools which benefited from the influx of continental lawyers combine such teaching successfully with the teaching based on English traditions. There also seems to be greater willingness in the United States to dispose of petty offences by some sort of non-judicial, probationary process. Moreover, the great mass of traffic offences is now handled with the help of computers.

Turning to more serious criminal cases, tried on indictment, we get the same picture of excessive activity leading nowhere. Some 200,000 people are committed for trial annually, and in 1978 over 40 per cent were acquitted on the order or direction of the judge because of lack of evidence. When it comes to a really big scandal, the prosecution and defence often turn the trial into a show, with the result that the man on the Clapham bus is again surprised: this time in seeing that those he suspected of irresponsible behaviour go scot free.

Interminable

An example of this is the case of the collapsed Israel-British Bank (London). Quashing the sentence imposed at the Old Bailey on those involved in the collapse, the Court of Appeal severely criticised the present fashion of interminable speeches and the concentration on detail which completely obscures the crucial issue. As a result an array of lawyers, witnesses and jurors completely wasted 121 days in court at a great cost to the taxpayer.

While in England the speeches of counsel are getting longer and longer and court-room manners are getting more and more out of step with the need to deal efficiently with the increasing court load, several American courts which I visited recently have a quite different approach. Greater reliance is being placed on written submissions, and the advocates must not speak for more than 30 minutes. The judge controls light signals on their rostrum: they get an amber light when they have spoken for 25 minutes, and a red light when their 30 minutes are up. It seems to me that English courts could do with this device.

Still growing, though more slowly

BY ANTHONY MORETON

AROUND BRITAIN

MILTON KEYNES

THERE was a time, a couple of years ago, when it was thought that Milton Keynes would turn into something of a white elephant. When Mr. Peter Shore, then Secretary for the Environment, switched the emphasis of government policy away from the new towns and towards inner-city rejuvenation it looked as though the Buckinghamshire city would have an uphill fight to attract firms in sufficient numbers to justify its population growth targets.

In the event, Milton Keynes has continued to forge ahead even though its initial population target of 200,000 has been reduced by a quarter. But a potential new threat emerged recently, when the Government announced that the development corporation is to be wound up by the end of this decade.

This means that the assets, such as the factories and the public housing, will be dispersed and further development after the winding-up date will be the sole responsibility of the local authority.

But at least the corporation, set up in 1964 to build a green-field city between London and Birmingham, has eight or nine years to fulfil its aims.

Can those aims still be achieved? To some extent, the aims have been overtaken by events. Milton Keynes was set up to attract London overspill. The great thought in the late 1950s and early 1960s was to move people out of London, hence the designation of Peterborough and Northampton as new towns following in the footsteps of earlier new towns such as Bracknell, Harlow and Stevenage.

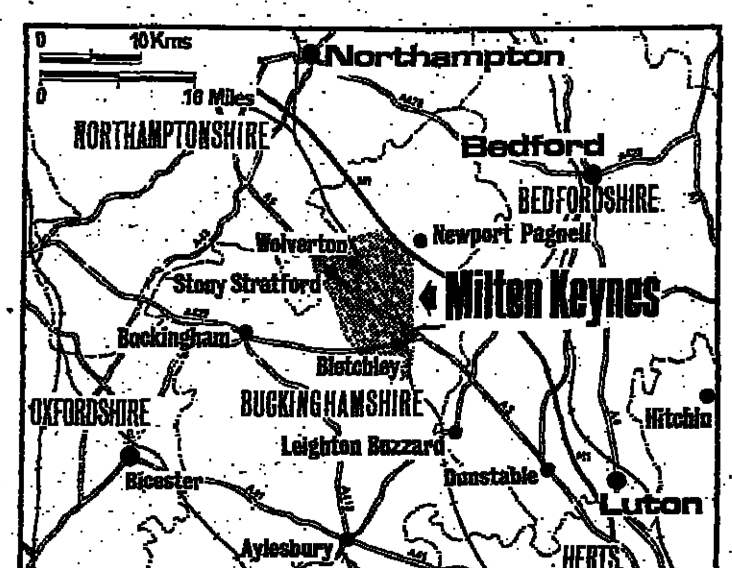
All those visionary dreams have long since faded and it is now recognised that London and Birmingham need to be rejuvenated as well as new towns built. Mr. Shore was first to recognise this but his successor, Mr. Michael Heseltine, followed by setting up urban development corporations to bring new economic life to the docklands of London and Liverpool.

Milton Keynes' aims for the 1980s, therefore, have changed. Its infrastructure has been laid—it has a splendid road system—and its factory land has been landscaped but now it has to generate its own impetus.

That growth is still moving ahead steadily. New firms are arriving at the rate of two a month and though this is below the three a month being scored a year ago it has to be recognised that the economy has deteriorated over the past 12 months. But there are even signs that new arrivals might be arriving a little more frequently in the months ahead.

The main part of the infrastructure, the town centre scheme, is well under way. All 130 shops, covering 1m sq ft, are occupied or, in a few cases, under offer. Milton Keynes boasts the largest covered shopping centre in Europe; it has captured some of the top retail names and just before Christmas was averaging 250,000 visitors a week.

But there is another important part on which work has still to start, and that is the projected business and leisure centre. Between the shopping centre and the new railway station (on the main Euston-North of England line), which should be ready to take traffic within the next year, the corporation is to develop a Central Business Exchange. The intention will be to put in a conference centre, perhaps capable of accommodating 2,000 delegates, 1m sq ft of office space, a winter gardens, restaurants and cafes. Central Milton Keynes is



alive during the day but dead at night; if it is to attract conferences—and there are plans for three new hotels—then it must offer something for its visitors as much as its townspeople after 6 pm.

It is hoped that building on this complex will start next year for completion somewhere around the end of 1984 or early the following year.

This is a £100m-plus scheme and the corporation will have to fund such a capital outlay from the institutions. Links between the two are good; the Post Office pension fund put up £24m towards the £45m the shopping centre cost, and the corporation is managing to attract private money for its advance factory building programme.

That programme is the core of its success. Some very big names have been attracted to Milton Keynes: Burroughs, Coca-Cola, General Motors, Hoechst, Volkswagen, Scania and GEC-Marconi Avionics among them. In all, 360 factories have been occupied, but the important trend is that some of the biggest names are involved in expansion programmes.

Burroughs, for instance, has taken a 35-acre site on which to undertake a massive development project which will include a residential training college for 400 students, Marconi Avionics has a 13½-acre site and Molins an eight-acre site.

As far as future factory building is concerned, there is no doubt that the recession is taking its toll. The corporation is finding it increasingly difficult to find the money from the institutions, since they take a regrettably conservative view of backing small units.

Government restrictions on housebuilding will also inhibit growth because one of the most important carrots a development corporation can offer to a potential entrant is houses for the staff it wants to bring in. In future, firms will have to rely far more on the existing private market.

Despite these difficulties, Milton Keynes continues to make progress. What emerges at winding-up day towards the end of this decade will not be what was originally intended, but it should be a sufficiently sound base to assure future job stability and economic well-being for those—companies and individuals—who have made the move.

Roundstone Lad should hit form

RACING

BY DOMINIC WIGAN

THIS AFTERNOON'S programme for rain-sodden Haydock was abandoned following yesterday's midday inspection, but Newbury will go ahead, barring a torrential downpour.

No one (with the possible exception of the BBC team) will be happier to see the Berkshire course provide racing than Fred Winter who, intriguingly, saddles three — Swanee Prince, Lavengro and Coolerin Boy — in the Bath Road Hurdle. In addition he is represented by Brown Chamberlin in the opening division of the Whatcombe Novices' Hurdle and by Blake in the March Hare Hurdle.

Brown Chamberlin, who first let his supporters down badly when blundering away his chance in a Haig Whisky Qualifier at Leicester on December 15, had his limitations fully exposed at Cheltenham on New Year's Day. There the Uplands six-year-old, who had been an 11—4 on chance at Leicester, had nothing in reserve on the testing climb to the finish and could not withstand King Ba Ba's late thrust. He was beaten strictly on merit by one and a half lengths.

Although he is bound to have a good many supporters on this course over which he won his first two races, Brown Chamberlin is unlikely to be up to defying 12 stone. A better proposition is probably the Charlottown gelding, Roundstone Lad, a promising hurdler in the making two seasons ago when he ran well in novice events here and at Ascot.

Roundstone-Lad, off the course last season after two disappointing efforts in the autumn, put up an encouraging display on his return at Sandown last month. Josh Gifford's tall bay only began to lose touch with Kilbrittain Castle in the home straight. Since then Gifford's team has hit form with a vengeance and Roundstone Lad is quite capable of showing a vast improvement.

Blake, a well beaten second behind Hareshaw Linn at Doncaster last time out, is not one of the best hurdlers to have raced by Lord Howard de Walden. Nevertheless, he is probably capable of lifting the March Hare Handicap now that Quiet Cannon and Sanhedrin have been pulled out.

NEWBURY

2.00—Roundstone Lad***
2.30—Count Up
3.00—Socks
3.30—Blake
4.00—Colerin Boy **
4.30—Weavers Loom*

TV/Radio

† Indicates programme in black and white

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). 9.05 For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.42 pm Regional News for England (except London). 12.45 News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Gwerinwr Yn Ei Gastell: Welsh Folk Museum. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Secret Squirrel. 4.25 Jackanory. 4.40 Finders Keepers. 5.05 Breakthrough. 5.35 The Perishers.

5.40 News.
5.55 Regional news magazines and Nationwide.
6.20 Nationwide.
7.00 A Question of Sport.
7.30 Coming Home.
8.00 The Walls of Jericho.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 The Time of My Life (London and South East only)
10.45 News Headlines.
10.50 Royal Heritage.
†11.50-1.20 a.m. The Late Film: "The Thirty-nine Steps," starring Robert Donat.

All Regions as BBC-1, except as follows:—

Cymru/Wales—1.45 pm O Dan y Mor. 2.02-2.22 I Ysgolion: Hwnt as Yma. 4.45 Florida. 5.15-5.40 Breakthrough. 5.55-6.20 Wales Today. 7.00 Heddiw. 7.25 O! Blodwen. 7.55 Pride of Place. 8.25-8.50 Triangle. 10.15 Week in week out. 11.05 News for Wales. 11.06 Royal Heritage. 12.05-1.30 am The Late Film: "Destination Gobi," starring Richard Widmark.

Scotland — 11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 In Concert. 10.45-10.50 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland, National News. 1.20 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Nationwide (London and South East); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend; Midlands (Birmingham) — Midlands Tonight; North (Leeds)—Rock Athlete; North East (Newcastle)—Coast to Coast: The Decision Makers; North West (Manchester)—Unlucky for Some; South (Southampton)—Cusden on Location; South West (Plymouth) — Newswatch; West (Bristol)—RPM Rock.

BBC 2

6.40-7.55 am Open University.
10.35 For Schools, Colleges.
11.00 Play School.
2.15 pm Racing from Newbury.
4.50 Open University.
†5.40 Charlie Chaplin in "A Night In The Show."
6.05 Monkey.
6.50 Speak for Yourself.
7.15 Mid-Evening News.
7.25 Oxford Road Show.
8.00 Gardeners' World.
8.25 The New Homeless?
9.00 Call My Bluff.
9.30 Playhouse.
10.30 1981 World Figure Skating Championships.
10.50 Newsnight.
11.35 Tennis (Davis Cup).
12.00 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 12.00 The Magic Ball. 12.10 pm Once Upon a Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "A Brand New Life." 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty. 4.45 The Extraordinary People Show. 5.15 Clapperboard.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 Holding the Fort.
9.00 My Father's House.
10.00 News.
10.30 The London Programme: The Battle for Harrods.
11.00 Snooker: International Masters Tournament.
12.30 am Close: Personal choice with Jack Peel.

All IBA Regions as London, except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. 2.25 Friday Film Matinee: "Green Fire," starring Stewart Granger and Grace Kelly. 6.00 About Anglia. 10.30 7 Days. 12.30 am Friday Late Film: "The Cabot Connection." 1.30 At the End of the Day.

ATV

1.20 pm ATV News. †2.45 Movie Matinee: "A Window in London," starring Michael Redgrave. 6.00 ATV Today. 10.30 Soap. 12.30 am ATV News.

BORDER

1.20 pm Border News. 2.45 Matinee. 6.00 Lookaround Friday. 6.30 Out of Town. 10.30 Your MP. 12.30 am Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's on Where and Weather. †2.45 The Friday Matinee: "Sitting Pretty." 6.00 Channel Report. 6.30 Ladies First. 6.55 What's on Where. 7.30 The Incredible Hulk. 10.28 Channel Late News. 10.34 Soap. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. †2.45 Friday Matinee: "Storm in a Teacup," starring Vivien Leigh, Rex Harrison and Cecil Parker. 6.00 North Tonight including Sportscall. 7.30 Charlie's Angels. 10.30 Points North. 11.30 Police Surgeon. 12.00 Seachd Laithean. 12.15 am North Headlines, Road Report.

GRANADA

1.20 pm Granada Reports. 2.00 Live from Two. 2.50 Friday Matinee: Robert Ryan in "The Man Without a Country." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week on Friday. 12.30 am Chopper Squad.

HTV

1.20 pm HTV News. 2.00 Houseparty. †2.25 The Friday Matinee: "Moment of Danger," starring Trevor Howard and Dorothy Dandridge. 6.00 Report West. 6.30 Welcome Back Kotter. 7.30 Chips. 10.28 HTV News. 10.35 Report Extra.

HTV CYMRU/WALES—As HTV West except: 9.35-9.50 am Am Gymru. 12.00-12.10 pm Ffalabalam. 4.15-4.45 Y Ddylai'r Moroedd Gyfarfod? 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.00 Outlook.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "The Third Girl From the Left," starring Kim Novak. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 7.30 The Incredible Hulk. 10.30 Ways and Means. 12.30 am Late Call.

SOUTHERN

1.20 pm Southern News. 2.00 Houseparty. 2.25 "The Courage of Kavik the Wolf Dog." 5.15 Mr. and Mrs. 6.00 Day by Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 7.30 Charlie's Angels. 10.30 The Purbeck Mole.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. †2.45 Friday Matinee: "Too Many Crooks," starring Terry Thomas, George Cole and Sidney James. 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Come in, if You can get in. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. †2.30 Friday Matinee: "A Window in London," starring Michael Redgrave, Sally Gray and Paul Lukas. 4.13 Ulster News. 6.00 Good Evening Ulster. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 12.30 am Bedtime.

WESTWARD

1.20 pm Westward News Headlines. †2.45 The Friday Matinee: "Sitting Pretty," starring Maureen O'Hara. 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 7.30 The Incredible Hulk. 10.31 Westward Late News. 10.34 Soap. 12.25 am Faith for Life. 12.30 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee: "Green Grow the Rushes," starring Richard Burton. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap.

(S) Stereophonic broadcast
‡ Medium Wave only

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

VHF RADIOS 1 AND 2—5.00 am With Radio 2. 6.00 pm John Dunn (S). 8.00 Jim MacLeod and his Band in the Radio 2 Ballroom (S). 8.45 Friday Night is Music Night (S). 9.55 Sports Desk. 10.00 With Radio 1. 12.00-5.00 am With Radio 2.

RADIO 2

5.00 am Bob Kilbey (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 David Hamilton (S). 2.00 pm Ed Stewart's Request Show (S). 4.00 Much More Music with David Symonds (S). 6.00 Davis Cup Special (Great Britain v Italy). 7.00 John Dunn (joins VHF) (S). 8.00 Davis Cup Special (Part 2). 10.00 Castle's on the Air with Roy Castle. 10.30 The Organist Entertains. 11.00 Brian Matthew with Round Midnight, including 12.00 News. 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued) (S). 9.00 News. 9.05 This Week's Composer: Stravinsky (S). 10.00 Susan Kessler: song recital (S). 10.55 Salzburg Festival: Concert (S). 12.15 pm Midday Prom, Part 1 (S). 1.00 News. 1.05 Dead Ground in No Man's Land (story by Giles Gordon). 1.20 Midday Prom, Part 2 (S). 2.05 Handel (S). 3.00 St. David's Music Week (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Poetry Now. 7.30 St. David's Music Week: String Quartet recital, Part 1 (S). 8.15 One Pair of Ears. 8.30 St. David's Music Week: Part 2, Elgar (S). 9.00 The Lessons of History. 10.10 Contemplations (S). 11.00 News. 11.05-11.15 Segovia plays Granados.

VHF ONLY—Open University—5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.35 Yesterday in Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 A Pity Success has Come so Late in Life! 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; Programme News. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour visits Chester. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Weigh-In. 4.15 Folktales. 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places with Barry Norman. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile: Actress, Judi Dench. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today in Parliament. 11.45 John Ebdon looks through the BBC Sound Archives. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Tony Fish Total Music Show. 2.30 Tony Blackburn. 5.00 The News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

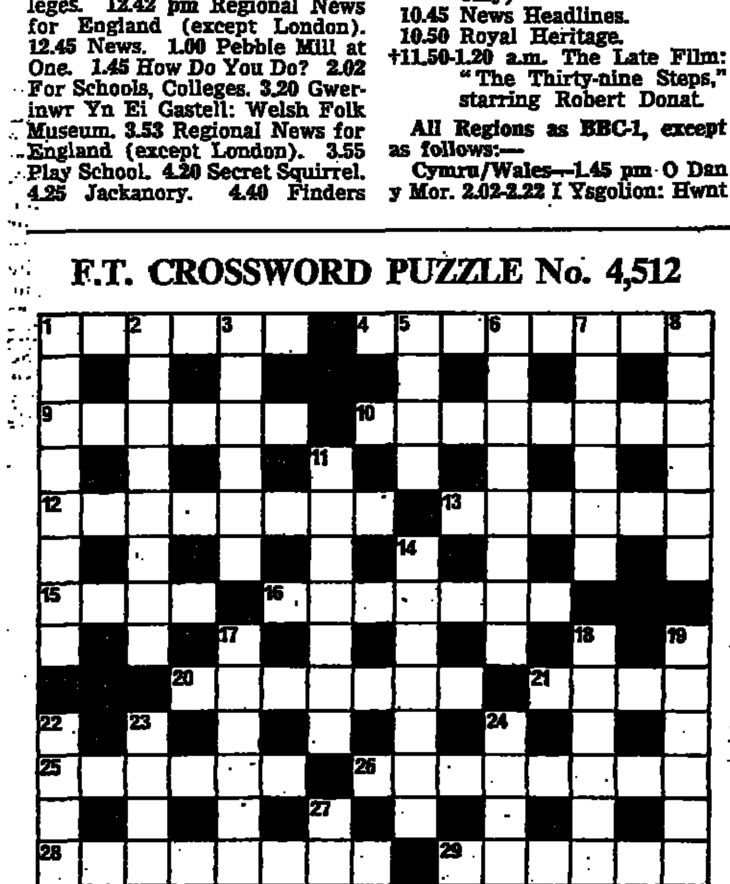
London Broadcasting

6.00 am AM — Bob Holness and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

6.30 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 am Graham Dene. 1.00 First Report. 1.10 Graham Dene (continued). 3.00 Roger Scott. 7.00 London Tonight. 9.00 Nicky Horne. 11.00 Greg Edwards live from The Best Disco in Town. 12.00 Richard Allinson.

F.T. CROSSWORD PUZZLE No. 4,512



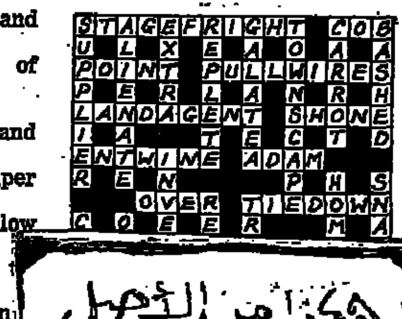
ACROSS

1 Thus employed to be pickled or made drunk (6)
4 Restraining metal in incitement (8)
9 Compose in varied diet (6)
10 Wine-cellar opening in ship (8)
12 Piece from soft treatise (8)
13 Scared to make a force attack (6)
15 Turn up and behave riotously (4)
16 Ruin a ship's drain (7)
20 Write back melody for a planet (7)
21 Animal to tolerate (4)
25 Dwell with soldiers and team (6)
26 Smoother accommodation with club (8)
28 Pickle jam? (8)
29 Part of a gun in public-house soldiers left (6)
30 Freedom from restraint and range (8)
31 Fibrous edge in front of prison (6)

DOWN

1 Those who toss at sea and at Lords (8)
2 Choice meat to sell cheaper (8)
3 Turn north-east to follow inheritance (6)
5 Implement bringing plunder (4)
6 Informed if I noted chan[illegible] (8)
7 Feature of weather-forecast is nought to preclude (6)
8 Avaricious editor in black and white (6)
11 Conciliate airman in race (7)
14 Odds on fish appearing in a sparkling spot (7)
17 Exhausted a down-and-out (4-4)
18 Sweet fruit before the fall (4-4)
19 Sign left in for freeholder (8)
22 Stay with the Spanish and drive forward (6)
23 A bouquet going up (6)
24 One way to enfilade a strip (6)
27 Keenly anxious to give notice about six (4)

Solution to Puzzle No. 4,511



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ENTERTAINMENT GUIDE

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THE ARTS

Cinema

Family affairs by NIGEL ANDREWS

Ordinary People (AA) Plaza 1
The Great Santini (A) Gate 3 Camden
Blood Beach (AA) Scene Leicester Square, Screen on the Green Islington, Odeon Kensington
Penitentiary (X) Eros Piccadilly, Odeons Kensington, Westbourne Grove and Swiss Cottage
Murnau: Poet and Painter National Film Theatre

Bearded soothsayers with long white hair who stand on the corner of Hollywood Boulevard have been claiming for some time that the monster movie is over, the age of the family picture is beginning. Not pictures for the family, you understand, but about the family. Exeunt *Jaws* and *King Kong*, in other words, enter *Kramer vs Kramer*. Families, of course, are monsters in their own way just as much as sharks and gorillas. There *has* always been something ghoulish about the saying "Blood is thicker than water," as if the substance were regularly poured and tested at family gatherings, and it's no accident that one well-known Anglo-Saxon play about a family boasts the title *Dear Octopus*.

Long tentacles with nasty suckers on them are much in evidence in *Ordinary People* and *The Great Santini*, this week's family movies. Rife with terrible tensions and fissions, these all-American nuclear units are suburbia's answer to Darwinian survival-of-the-fittest. Schooled by its skirmishings with monsters and disaster-tales, the cinema has brought a new feral touch to the family. Cut-glass manners and middle-class *politesse* still flourish—especially in *Ordinary People*—but the post-Freudian enlightenment, coupled with the navel-gazing of the "Me Decade" 1970s, has enabled the breakaway young not only to give as good as they get to the once-dominant parents but to know and articulate *why* they're giving it.

Ordinary People is Robert Redford's debut as a director and it's as assured a baptism as you'll find. Redford has translated all his cool alertness as an actor, his wise wry watchfulness, into his behind-camera role. The movie's rich suburban menagerie *à trois*, living in well-lawned, middle-income luxury outside Chicago, are Mary Tyler Moore and Donald Sutherland and their teenage son Timothy Hutton. Once there was an older son, but he was drowned in a boating accident also involving Master Hutton, and ever since then Number-Two Son has been clothed in guilt and Miss Moore, her fount of love turned off at the tap, has looked unspoken daggers at him across the Wilton carpets. Donald Sutherland, meanwhile, is the hangdog mediator, plying his long, pop-eyed, dogfish face as a home-front peace-keeping force.

As the autumn colours gloom and glower in the background (a mite too insistently), Redford guides Hutton through his growing-pain — victimisation at school, sessions with a psychiatrist, will-he-won't-he first romance (with fuzzy-pretty Elizabeth McGovern) — and meanwhile, Sutherland and Tyler Moore alternate glacial poise with sudden flare-ups, as they cut up rough over their son's upbringing and their own marriage. A Christmas family photo-session is reduced to bickering chaos: late-night nightcaps induce late-night confessions: and a genteelly sylvan golf-course suddenly echoes to four-letter words far more forceful than "Fore!"

When is a soap-opera not a soap-opera? Is *Ordinary People* different in kind or merely in degree from the carbolic sagas of domestic *angst* plonked down before us in TV serials—from *Crossroads* to *Telford's Change*—and whose American counterpart is parodied in *Soap*? Redford plays his film perilously close to the lather, and there are times when the suds overflow the bath-edge: notably in Judd Hirsch's improbably warm-and-wonderful Jewish psychiatrist, a sort of composite roll-up of Sigmund Freud, Big Daddy and Marjorie Proops.

A worse problem is the movie's "McGuffin" or plot-trigger. The drowning accident is never woven convincingly into the movie's texture—it's an off-the-peg flashback contrivance supplied to catalyse the story's emotions. But at best these emotions are plausible and "universal" enough in themselves—and acted with steel-keen clarity and commitment by the three leads—not to need this tokenist trauma in the background. In *Ordinary People* the flaws are not in the character's stars but in themselves, and in wielding this cut-rate *casus belli* the movie comes perilously close to leaving us with the moral that the family that avoids boating accidents together stays together.

★

Plot engineering is writ even larger in *The Great Santini*, where another family eminently capable of piling up unaided theeir own agonies, and battling through them, are surrounded by a gallery of weird and unsolicited supporting characters whose sole discernible function is to catalyse this family's problems.

Robert Duvall is the gung-ho, bull-necked, hell-raising father, a Marine flying ace who treats his family as if they were raw recruits, and Mom Blythe Danner (sweet and Southern) and eldest son Michael O'Keefe (who hates Dad but loves him) are the other vertices of the central triangle. Nary a basketball can young O'Keefe pick up without his Dad bellowing advice from the sidelines; nary a gently critical remark can Mom make without being thrown by Dad from one side of the kitchen to the other.

Add to these complications a minor squall of younger children, all variously rubbed up the wrong way by stomping Dad, plus frequent compare-and-contrast vignettes of Duvall putting the frighteners on his Marine cadets, and you'd think that the movie's emotional cup runneth over. But as *Resurrection* taught us, writer Lewis John Carlino—who also here directs—never lets well alone. Give him Ossa and he'll pile Pelion on it. A blood-and-thunder subplot surges up in the form of a gauche young negro with a limp and a stammer—he's the son of the family's housekeeper—whose life is threatened by the local toughies. O'Keefe picks this cause to go out and do what a man's gotta do. Dad says, No you won't; Son says, Yes I will; and Lo, he does and with that grandstanding deed of disobedience, the paternal umbilical cord is broken! Wind, rain and music lash, and all that is missing is the Three Norns, frayed rope in hand, zooming down on a night-excursion from the World Ash-Tree.

As in *Ordinary People*, the film fails to rise to the more sophisticated truth that families can tear each other apart without any help from their friends (or enemies). Both movies are grappling bravely towards a familial *Götterdämmerung* in which the old parental gods are toppled and the world is purged for free children. But you can't soar into the new millennium carrying an excess baggage of old Hollywood clichés. Duvall and O'Keefe, both Oscar-nominated, go at it hammer-and-tongs, as if screen-testing for a remake of *Duel In The Sun*. But the best performance by far is Blythe Danner's as Mom. Her fears and feelings are so finely subtly sketched on a mobile, quirky face that it's no surprise she escaped the notice of the Oscar-nominators, whose eyes are blind to all but the art of semaphore and whose nostrils quicken only at the aroma of well-smoked ham.

The best thing about *Blood Beach* is the poster: a giant hand claws up through the sand and the copy-line intones, "Just when you thought it was safe to go in the water, you can't get across the beach." If this rearward-from-the-sea progression continues, it will clearly soon be unsafe to step out onto boardwalks; and after that into seafront souvenier shops. Unseen hands and teeth will lunge out at you from behind the postcard stand, the rock with Brighton written all through it will stab you in the midriff, and the little mermaid made of pearly pink seashells will bite your hand off.

Blood Beach is about the awful Thing that lies under a California *plage*. Glug, glug, goes the sand as one victim after another disappears feet first. Can police-persons John Saxon and Burt Young find the monster's lair before it clocks up yet more victims? Seek and ye shall know. Hirsute and hoary hokum, perhaps, but given an offbeat charm and occasional flashes of style by writer-director Jeffrey Bloom.

No such aesthetic reprieves for *Penitentiary*, a steamy prison melodrama wherein free-swearing, fist-happy convicts slug it out over the prostrate body of the audience. Jamaa Fanaka wrote, produced and directed this thick-eared Bacchanal of violence, vengeance and cracker-barrel machismo.

Far better to savour the splendours of F. W. Murnau's enthronement at the National Film Theatre. Celebrating the 50th anniversary of the German silent-film director's death, the NFT have raked the four corners of the world for fine prints of favourite films (*Nosferatu, The Last Laugh, Sunrise*) and for any surviving prints of his rarer works. It's a grand season, it lasts for two weeks from next Monday, and you should turn your feet instantly towards the NFT box-office.

Robert Redford and Timothy Hutton

Riverside Studios

Euridice by MAX LOPPERT

Euridice (1600)—text by Rinuccini, music by Jacopo Peri—was not the first opera; but it is the first opera for which a complete musical text has been preserved. The flowering in Florence of the new art form may not have been the sudden, furious burst of activity portrayed in simplistic school books; even so, it comprised an exciting series of innovations, of which this work, created for the wedding of Maria de Medici and the King of France, frames an important number. Yet unlike Monteverdi's *Orfeo*, produced only a few years later, *Euridice* does not stride across the span of time to reach us as a music-drama of timelessly powerful impact. Its stately succession of recitatives and small forms would seem to require some measure of re-creative imagination in its presentation if it is not to seem merely an historical curiosity. Thus runs the thinking behind Stephen Oliver's realisation (in his own very effective English translation) of the opera, which Musica nel chiostro are showing at the Riverside this week.

Mr. Oliver, whose own lengthy list of stage compositions already compasses most kinds of music drama, has undertaken a bold reworking of the instrumentation. A *Soldier's Tale* band, expanded in percussive devices, replaces the ensemble of authentic instruments we might expect to find. More boldly still, the accompaniment to most of the solo utterances is strikingly reconsidered—bass line and its implicit harmonies removed, a bare and sometimes sharply contradictory manner of support supplied, a variety of out-of-period rhythms and cross-rhythms added.

Stravinsky, Britten, and even Orff seem to be the filters through which Peri's music has been passed; and because it is keenly and deftly done, shaped by a logic that a first hearing perceives and that examination of the score bears out, the ear willingly accepts the new musical apparel. Purist complaint is out of place; it seemed to me on Wednesday, indeed, that behind Mr. Oliver's piquant anachronisms lies a faithful and touchingly appreciative sense of the original.

I cannot say as much for the production in which the revision is introduced. The opera has been placed, by producer Graham Vick and designers Yolanda Sonnabend and Richard Hudson, in a concoction of scaffolding and chicken-wire framing a paddlers' pool; nymphs and swains disport themselves around its edge, taking the occasional health-risking plunge. More than a touch of tweeness is the result—though for one stunning piece of engineering, a flying machine carrying Orpheus across the roof of the theatre to Hades, I am tempted to forgive almost every touch of modishness elsewhere. The stage arrangement, which could easily endanger musical ensemble, is kept in working order by Nicholas Kraemer's expert direction, with the aid of a conductor-assistant. There is good singing and creditably unembarrassed acting from the cast, among whom Robert Dean (Orpheus), Kate Flowers (messenger of misfortune), Nuala Willis (Venus), and Susan Moore (the heroine). The three acts are given without break: whatever one may think of the staging, the evening is never tedious.

Susan Moore and Robert Dean

Guildhall School

College Concert

The last of this season's excellent series of BBC College Concerts, performed and recorded at the music schools around London by the BBC Symphony Orchestra and London Sinfonietta, found itself back on Wednesday at the Guildhall's concrete concert-box in the Barbican—brainchild of the Modern Architect, with all the rich acoustic presence of a hotel lobby, that looks (only a few years after its opening) more like a dilapidated warehouse every day.

Dispiriting venue apart, the concert itself under the direction of Michael Gielen was less exciting than some of its fellows have been, but all the same a decent, well co-ordinated affair. The "modern classical" frame was Webern: the orchestral Variations op. 30, the two Goethe songs op. 19 (sweetly, neatly delivered by its vocal quartet) and the little Symphony op. 21 (somewhat raggedly played). Following straight upon the Symphony, Gielen also gave us his own *Four Poems of Stefan George* for mixed chorus and 19 instruments—an essay of the early 1950's, owing a certain epigrammatical debt (and one or two elegant cadential bows) to Webern, but in every other way, in texture and manner, both lusher and more bumpy, unevenly paced.

The evening's two recent works were both by composers under 35. Jonathan Lloyd's *Towards the Whitening Dawn* for chorus and small orchestra was played for the first time: an eerie processional, 10 minutes long, *in memoriam* John Lennon, whose brass section entered in mournful march from the rear of the hall in mid-score, while half the choir slipped away by the same route sighing the same sad song. Nice idea, though fairly amorphous of conception: a seed that could take better root, maybe, in another piece. Wolfgang Rihm's *Cuts and dissolves* for orchestra, here given its British première, was longer, and in many ways the stronger and better written work, though essentially it was no less without centre: pages from an orchestral sketchbook, each one imaginatively drawn, but limply joined — talented rushes in search of a director.

DOMINIC GILL

Comedy

The Crucible by MICHAEL COVENEY

Bill Bryden's thrilling production of Arthur Miller's magnificent play marks the end of an era at the National's Cottesloe auditorium, its transfer to the West End for three months a resounding parting shot fired after a decade's work dating back to the Theatre Upstairs in the early '70s. Of the cast, Mark McManus as the New England farmer, Proctor, and Dave Hill, as the righteous pastor of Parris, are the longest serving Bryden loyalists. They typify the prvailing spirit of regional accents and glowering intensity.

In the mid-'50s, it must have seemed that no play in modern times had so successfully married contemporary obsession with historical incident. The fears and bigotry of McCarthyism are given heightened dramatic expression in the tale of the witch trials in Salem, Massachussetts. But, 30 years on, the events strike as deep a chord as ever, showing a community on the run from its own inquisitors. When J. G. Devlin's battered old farm worker reminds the Deputy Governor Danforth (played with magisterial impetuosity by Tony Haygarth) of inter-familial ties in the court scene, it is as if a higher reckoning than even God's word will break through the hysterical charade.

This, of course, is what actually happens when Proctor, called to denounce his wife as a witch, suddenly turns the tables on himself by confessing his adultery with one of the girls. At this point Abigail, brilliantly played by Caroline Embling, leads her terrified sisters in a screaming fit of manufactured devilish possession. The play is now crashing from one climax to another until, finally, Proctor stands firm and destroys his recantation under the baleful eye of the wife (Lynn Farleigh) who kept a cold house and prompted lechery.

Outside of the girls, there is hardly a healthy looking face on stage. Miller's language bends surprisingly well to the variety of Celtic and rural intonations thrust upon it. And Hayden Griffin's huge wooden set binds the inhabitants in a cohesively crude world as it is winched through Parris's Puritanical loft to Proctor's low-ceilinged house and the third act meeting house.

A raw, pulsating evening is flecked with head-long, in-depth characterisation from, among others, Valerie Whittington as Mary Warren, Yvonne Brewster as the Barbadian maid and James Grant as the churchman who survives in the knowledge of his mediocrity while Proctor dies with the small comfort of his integrity—the violet in the crucible, as the poet said.

Caroline Embling *Leonard Burt*

Tristan in Venice

Italian opera houses have a tendency to put, as they say in America, their goods in the front window. In other words, the opening productions of each season are meant to dazzle, to show what the house can do. Often these initial offerings are a disappointment, and on occasion they cast a pall over what follows, unjustly obscuring more interesting and more meritorious achievements.

Certainly, the *Tristan und Isolde* presented at the Teatro La Fenice in Venice these past few weeks was far more successful than the noisy, ugly *Maria De Rudenz*—a Donizetti rarity—that inaugurated the Venetian operatic year. In the Donizetti, the orchestra was inaccurate and insensitive; but for the *Tristan*—no doubt because of the presence of Peter Maag at the helm—the orchestra sounded like a different collection of musicians: the strings played smoothly, the winds made no horrible bloops, solo passages were negotiated skilfully.

Maag, after all, is a veteran, familiar with Italian orchestras, their qualities and their limitations; and obviously he knows how to make them give their best. Discipline, of course, was still far from perfect. There were ragged attacks, moments of distraction (and, from my proscenium box, I could watch the fourth desk of the first violins enjoying a good joke through much of Marke's great scene). Nevertheless, while at the Fenice's opening the spirits sank, here one was again encouraged to hope that, under its new management, the lovely Venetian theatre is once more on the upward curve.

At my performance the Isolde was Dagmar Trabert (at earlier performances Johanna Meier had sung the part), a young artist of appeal and promise. The voice is big, but not huge; still it is sufficient for the needs of the part, and when unforced, it can be round and warm. In the first act, the soprano was incisive, regal. Throughout the evening she was radiantly feminine, and for the Liebestod—when the producer Maria Francesca Siciliani allowed her to stand there and sing—she was transfigured and deeply moving.

Hermin Esser's Tristan was aggressive, anti-lyrical, more a fighter than a lover. Esser is also a fidgety actor, and he gesticulated excessively, bobbing his head once or twice before every attack. On occasion, his acting affected his singing. Now and then he moved into declamation, with disconcerting verismo results.

Ruthild Engert—another unfamiliar young artist—was a sober, dignified Brangäne; the slight throb in her voice only enhanced its intensity. As Marke, Kurt Rydl was magisterial; the deep, secure voice was matched by a dignity of presence. Heinz Jurgen Demitz, taking over the part of Kurvenal for this performance, was uneasy at first, but gradually gained control of himself and his music.

WILLIAM WEAVER

Big four get £21m

The big four national arts groups—the Royal Opera House, Covent Garden; the National Theatre; the Royal Shakespeare Company; and the English National Opera, are to receive 11.7 per cent more from the Arts Council in 1981-82, slightly below the 11.9 per cent increase in aid that the Council received from the Government. Even so they will still account for almost a third of the Art Council's £77.75m budget for the year.

Covent Garden is getting about £9m, a rise of around £1.2m, which includes money to help the opera house finance its forthcoming season at the Palace Theatre, Manchester; the National Theatre is receiving £500,000 more, at £5.4m, with further guarantees for National Theatre tours when they have been agreed; the ENO gains £525,000, at £4.5m, with another £300,000 for Opera North, based in Leeds, bringing its grant to £1.2m; and the RSC receives an initial £250,000 rise, at £2,550,000, with more money later to help its Newcastle season.

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Friday March 6 1981

Clamping down on Poland

FOLLOWERS OF events in Poland have long suspected that once the Soviet Party Congress was over the Soviet leadership would increase the pressure on Poland. Wednesday night's joint Polish-Soviet communique, signed in Moscow after lengthy and apparently tough talks between the two sides, appears to confirm these suspicions. The communique alleged that "imperialist and internal reactionary forces were hoping that the economic and political crisis in Poland would lead to a change in the alignment of forces in the world." It concluded that "the socialist community cannot be dissolved. Its defence is a matter not only for every single state but for the entire socialist community as well."

Depressing

In this way the Soviet leadership has chosen a restatement of the "Brezhnev doctrine" of limited sovereignty for members of the "socialist commonwealth" as the first act of its renewed tenure of power. But what is perhaps more depressing is the inclusion in the communique of the statement that "the Polish communists have both the ability and the resources to reverse the course of events, to liquidate the perils looming over the socialist gains of the nation."

It could be argued that the real danger "looming over the socialist gains of the nation" is that of economic collapse brought about by the combination of inability to push through fundamental political, economic and social reforms and the subsequent loss of faith in Poland's long-term future by the international financial community.

New atmosphere

But this is not what the communique was apparently referring to. The detention yesterday of Mr. Jacek Kuron, a leading member of the KOR social self-defence league, on suspicion of "slandering the state," coupled with the expulsion from the Party of a prominent Communist Party reformer, Mr. Zbigniew Ivanov, and the latest rebuff to farmers trying to set up a farmers union, all point to a much more risky policy of clamping down on the reform movement.

Mr. Kuron's arrest, albeit for only six hours, bears the hallmark of a decision imposed on the Polish authorities from Moscow. The Soviet Union has frequently singled out Mr. Kuron and his colleague Mr. Adam Michnik for personal attacks. Hitherto the Polish authorities have refrained from taking action against them because of the prestige they enjoy both as critics of the previous regime and through their constructive role as advisers to the independent trade unions. The risk the Polish authorities now run is that of provoking a new wave of labour unrest at a time when the call for a 90-day labour truce made by the new Prime Minister, General Wojciech Jaruzelski, had created a new atmosphere of co-operation.

The apparent aim of the Soviet leadership is to increase the strength of the Polish Communist Party by forcing it "to reverse the course of events." It risks creating the opposite effect. The Polish Communist Party certainly has lost much of its power. But this is due to the failure of previous party leaderships to provide honest and effective leadership and to reform the Soviet-style party structure. It is the latter which the Soviet Union now apparently wants to see restored in Poland, in the face of all the evidence that this is just not possible without direct Soviet military intervention.

Restraint

The challenge facing the leadership in Poland is not that of "reversing" the course of events but of channelling Poland's energies in a creative direction. Confidence that the Polish authorities have the necessary public support to make their economic stabilisation plan credible is for example one of the vital pre-requisites for the sort of western governmental and bank lending now under discussion.

The relative restarint of the Soviet Union hitherto, as well as its willingness to contribute over $2bn to Poland's financing needs has been noted favourably by western creditors. So has the willingness of the Polish party to reform itself and the apparent credibility of the new Government.

A Soviet-inspired effort to push the Polish authorities away from reform and back to the path of confrontation risks destroying what remains of confidence in Poland's long-term future.

The strategy under attack

THERE MUST be anger as well as disappointment among economic Ministers following yesterday's publication by the House of Commons Treasury Committee and by the Confederation of British Industry, of their reports on medium-term economic policy. Despite the Treasury Committee's built-in Conservative majority and the CBI's natural sympathy for many of the aims of a Conservative government, neither of these bodies has confined itself to piecemeal criticisms of the government's methods. They have chosen instead to attack the very essence of the whole economic strategy.

Reflation

In the CBI's case, the most obvious divergence from government policy is in micro-economics. The stress on a much more active industrial policy is hard to reconcile with earlier support for a government committed to minimising all forms of interference with market forces. At the macro-economic level, the call for a £1.5bn fiscal stimulus in each of the next four years, building up to a net stimulus of £6bn in 1984-85, compared with current policies, may or may not turn out to be consistent with the figures in the government's medium-term financial strategy, as the CBI economists claim. But it is totally at odds with the spirit of the government's approach, which is only to allow those "fiscal adjustments" which are implied by the achievement of its monetary and borrowing targets. For the government to commit itself in advance to a substantial programme of fiscal reflation, at a time when all the original targets are being overshot, would be to abandon the medium-term strategy.

Theological

The Treasury Committee has been more direct, and less constructive in its criticisms. While the chapter on techniques of monetary control and on the choice of target variables have culled a number of useful suggestions from the volumes of excellent evidence gathered by the committee, the bulk of the report is devoted to a discourse on different schools of thought among economic theorists.

The main conclusions which the committee reaches — that there are no "clearly defined" relationships between public-sector borrowing, inflation and economic growth and between monetary growth and inflation —tend to undermine the credibility of the practical proposals which it does make.

It is questionable whether the members of the Treasury committee can reasonably claim to have the depth of experience and theoretical understanding to adjudicate between different schools of academic economists. It is even more questionable whether a House of Commons Select Committee is the appropriate body to carry out such an intellectual exercise. However, the committee's excessive preoccupation with the theoretical rather than the practical aspects of monetary policy, is the mirror image of the way government policy has at times been presented by Ministers. Whether deliberately or not, Ministers have created the impression of an almost theological approach to decision-making and have failed to explain the compromises, uncertainties and risks which any attempt to manage a complex economy inevitably involves.

Judgement

Instead of attacking the strategy on dubious theoretical grounds, the members of the committee should have acknowledged that the choice of economic strategy is a matter of political judgement—indeed it has been at the heart of British politics for 30 years. Those members who genuinely disagree with the Government's strategy and think that there is a better alternative should speak out as Members of Parliament, rather than merely appending their names to a largely unconstructive all-party report, which conceals important political disagreements.

In our view, the government's present strategy, is broadly preferable to the alternatives put forward by its opponents. There have been mistakes in implementation, there have been political misjudgements and there have been failures in presentation, but in his Budget next week the Chancellor should reaffirm his intention to stick to a strategy of monetary control and fiscal caution, suitably redefined to take into account the effects of recession and of some of the past year's policy errors.

Whitehall's test of strength

By Phillip Bassett, Labour Staff

NEXT MONDAY, for the second time in three years, civil servants are due to come out on strike as the first blow of a carefully-planned campaign of industrial action aimed directly at the Government.

Pickets will be mounted in the unlikely setting of Whitehall at the start of what some Civil Service union leaders acknowledge may well be the first major test of the code of practice stemming from the Conservatives' 1980 Employment Act.

If the unions get the degree of support they expect, traffic in and out of London's Heathrow and other major air and sea ports faces severe disruption. The work of central Whitehall departments will be curtailed, many local employment and social security offices will be closed, court and tax office operations dislocated, and Government Ministers may be forced to walk to work or find other means of transport as drivers refuse to take out official cars.

Monday's one-day action is but the first shot: much more damaging to the machinery of Government will be the strikes by computer operators and other key workers, which are due to start on Tuesday. The unions will give details on Monday, but there may well be lightning walkouts in unspecified areas.

Two years ago, after the two largest unions in the Civil Service successfully mounted a campaign of industrial action Sir Geoffrey Howe, Chancellor of the Exchequer, conceded that the resulting disruption of revenue collection was one of the factors which had forced up the Public Sector Borrowing Requirement.

This time the Government has prepared measures to deal with computer strikes at VAT and PAYE centres, including a provision for the public to make PAYE returns and pay national insurance contributions through the clearing banks or the Post Office. The precise accounting will be sorted out afterwards. Nevertheless, the prospect is that there could be a financial stranglehold which, after a period, could force the Government on to the capital markets to bridge the gap caused by the delay in collecting revenue.

The white-collar workers who will be doing all this are not noted for their militancy. Many of them, even their most hard-line union leaders will admit, voted Conservative in the election following the 1978-79 "winter of discontent." But the mood is different now. According to their union leaders, the civil servants feel that they are targets for special discrimination within the overall singling out of the public sector by the Government.

The Conservatives' pre-election manifesto stated clearly that the intention was to attack "waste, bureaucracy and over-government" as recently as last month a Conservative backbencher, referring to the forthcoming industrial action, described civil servants as "the most over-paid, over protected under-productive group of workers in the country — paid out of the pockets of industrial workers hit by the recession."

The Government has stuck to its pledges and mounted its Civil Service campaign on four fronts: jobs, efficiency, pensions and pay. Virtually the first action of the new Government was an attempt to cut the size of the Civil Service by freezing recruitment, thus saving 20,000 posts. This was followed by a manpower review, which led eventually to an announcement of a further cut of some 39,000 posts. Progress in achieving the cuts was slow, though, and 12 months after taking office, Mrs. Thatcher announced a further cut of 67,000 posts to bring the size of the Service down to 630,000 by the time of the next election.

To promote greater efficiency, the Prime Minister appointed as her direct personal adviser on waste Sir Derek Rayner, joint managing director of Marks and Spencer, and one of Mrs. Thatcher's favourite businessmen. Though the scope of Sir Derek's activities has been limited, his team has succeeded in motivating the Civil Service machine to examine its productivity and act on the results.

Mrs. Thatcher also suffered a reverse on the thornier issue of index-linked pensions for civil and other public servants, which have been the targets of envy and abuse since they were inflation-proofed by a Conservative government 10 years ago.

The Prime Minister and some senior Cabinet colleagues saw index-linking as a recipe for inflation, but an inquiry set up under Sir Bernard Scott, deputy chairman of Lloyds Bank, unexpectedly found in favour of the principle. Indeed, the Scott report was so far from Mrs. Thatcher's views that it advocated the extension of index-linking to the private sector.

All this has angered and depressed staff but it is the fourth issue — pay — which is driving them on to the streets. Compared to the basic wages of say, water workers, many civil servants are well-paid. Pay rises for the middle-ranking Executive Officer grade, the workhorses of the Civil Service, have lagged behind the rise in average earnings. But, in relative terms, the pay levels are still high.

They were based in the main on a system, devised in 1956, which is used to determine pay rises in the Service. Civil servants' pay and benefits are compared with those in similar jobs outside. The system, operated by the Pay Research Unit, is retrospective: civil servants receive increases based on what their outside "comparators" have been receiving over the previous 12 months.

However, successive governments have been embarrassed by the system because the increases proposed by the Unit have often indicated with uncomfortable clarity how effective — or more often ineffective—any pay policy then in force has been on a number of industries and particularly in a number of blue-chip private sector companies.

Different governments have adopted different methods of trying to deal with the problem. This Government, whose economic theorists in any case hold the principle of comparability to be anathema, took the same firm action as it had with the Clegg comparability commission: it scrapped the system. The decision had to be couched in the form of a suspension of the pay agreement for the Service in favour of setting rises according to pre-imposed cash limits for one year only.

Union leaders, convinced that Pay Research this year would have shown rises due of 15-19 per cent, tried, but failed, in the courts to force disclosure of the comparability reports. The Government, emboldened by this failure, made an offer of 6 per cent in reply to the unions' claim for 15 per cent, with a £10 across the board minimum rise.

Lord Soames, Lord President of the Council, after discussion in Cabinet, eventually raised the offer to 7 per cent, containing it within the 6 per cent pay provision in the Civil Service's cash limit by means of better housekeeping within departments.

While the unions feel that the increase for this year is insufficient, emphasising the rise in earnings outside the service over the past year, many civil servants are at least as concerned about how pay will be determined in the Service for the future. The Government has put forward a loosely-worded formula for "an ordered and agreed system which takes account of all relevant factors and which will command the widest possible acceptance," but the unions have so far been unable to draw any more detailed proposal from the CSD.

"All relevant factors" may be the key phrase. Comparability will form a part of any new system, but it is clear that it will no longer be the sole determinant. Instead, the Government is likely to want in some form to implement at least some of this shopping list:

● **Regional pay.** The Government would like to see market forces brought more directly to bear on Civil Service pay, and says there is evidence that the Service pays more than outside employers in some areas and less in others. One way of restoring the balance might be to introduce regional variation in national pay rates.

● **Merit pay.** The Government would like to introduce changes to relate pay more closely to performance in an effort to improve productivity. Further, Sir Derek has proposed that bonuses should be given to successful staff who cannot move further up the hierarchy; that staff who merit it should be able to jump grades; and that staff should no longer be entitled to automatic increments regardless of merit.

● **Outside comparators.** Depending on the place of comparability in any new system, the Government will want to ensure that comparators used are fully representative of the range of outside employers.

Provided that these proposals can be quickly clarified to the satisfaction of the unions, a relatively small improvement in the offer—perhaps as little as 2 per cent—might be enough to secure a settlement. Lengthy industrial action would raise expectations beyond that.

The Government has little room for manoeuvre on the present offer. Ministers insist that the country cannot afford an increase beyond 7 per cent.

Lord Soames himself, however, has raised the possibility of ways of improving it which some union officials have seized upon: underspending in the pay provisions of the cash limit, or moving blocks of money around between cash limits to fund an increase (known in Treasury jargon as "virement").

The underspend in the 1979-1980 CSD-controlled cash limit was 4.5 per cent, or about £106m. The previous year the figure was 3.6 per cent. If the Government was prepared to take into account in settling this year's deal the likely underspend for this year, the unions argue, it could find an extra 2 per cent and still stay within the 6 per cent cash limit. If the Government decided to switch money from other central government cash limits, then the possibility for further increases would be even greater.

If the Government is not ready to juggle the cash limit, then it will have to take on the civil servants. In the wake of the submissions to the miners and the water workers, Ministers are not only prepared to do just that, but believe they must do so.

They consider that they can withstand Civil Service strike action, and that public opinion, having little sympathy for civil servants, is on their side. On that point, the unions agree: they acknowledge that the public standing of civil servants is not high.

While any dispute in which the Government is the direct employer could be said to be political, the nine unions involved have set aside their own political differences—the front-runner has been the Left-dominated Society of Civil and Public Servants, but the largely right-wing controlled Civil and Public Services Association is now clearly in support of the action—to join together as never before against a Government which, they claim, has forced them into the wider political arena.

The unions point to their level of organisation to indicate the degree of support among their membership, and in particular to the £3m-£3½m committed from union finances and money rolling in from voluntary levies to fund the action.

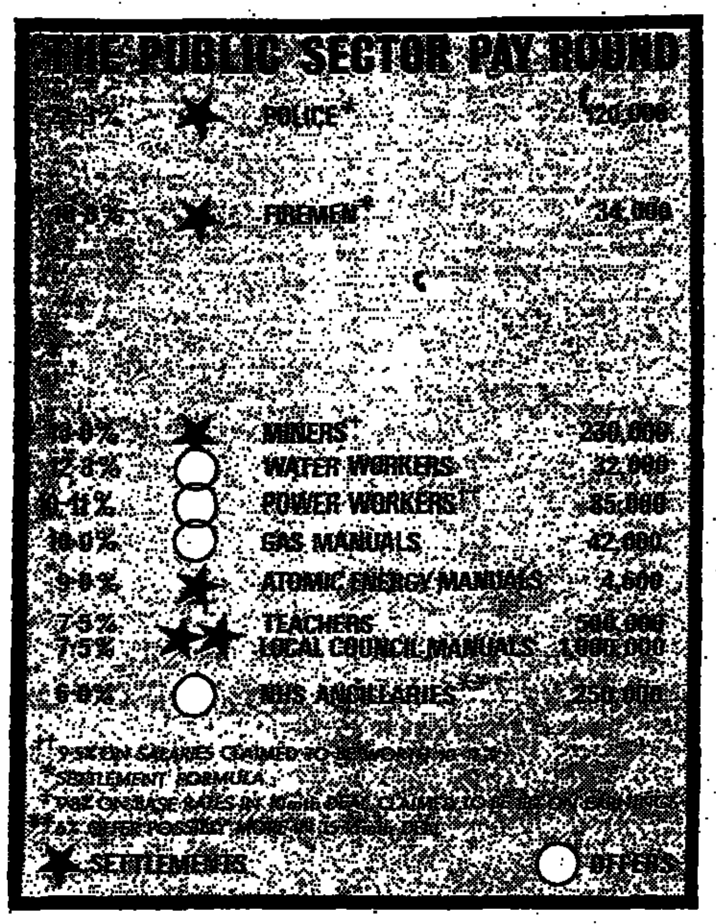
There are, however, some doubts about the determination of some unions and some areas. Union officials have worked hard recently to ensure support, but there is some reluctance among some staff in key areas to act as the shock troops for the rest.

However, the CSD estimates that a one-day strike in the campaign over pay two years ago by the two largest unions in the Service brought out about half the total complement of white-collar staff. With eight unions involved on Monday — the prison officers are excluded from this stoppage but will take part in the selective action — the turnout can hardly fail to be larger.

The tactics of both sides are to test the financial strength of the other — but that will take time. With the support the unions claim and hope for, and the Government's determination to make a stand, then the possibility is that there will be a prolonged dispute after Monday's strike.

❛ For the Civil Service, it will be possible to squeeze a pay increase of 7% within the cash limit. That simply is as far as we can go ❜

LORD SOAMES
Statement in the House of Lords, March 5



MEMBERSHIP OF THE NINE UNIONS TAKING PART

Civil and Public Services Association	224,000
Society of Civil and Public Servants	109,000
Institution of Professional Civil Servants	102,000
Inland Revenue Staff Federation	65,000
Civil Service Union	45,000
First Division Association	8,600
Prison Officers Association	22,000
Association of Government Supervisors and Radio Officers	10,000
Northern Ireland Public Services Alliance	26,000

MEN AND MATTERS

Split rivets the sleepers

General's daughter Lady Jane Middleton faces a battle of her own next week, as committee members of her newly-formed association of "sleeping underwriters" at Lloyd's meets in the Captain's Room to settle an internal policy row.

The committee is split over the nature of the mandate which it actually holds. Lady Middleton and three fellow-hawks insist that the new Lloyd's Parliamentary bill to tighten self-regulation "must be improved." The five doves have told association members that "her determination to make amendments to the bill at any cost has, in our view, led the association on to a path which is for the benefit of neither Lloyd's nor the future of your association."

Both sides are circularising association members and pulling in the proxy votes. In a confrontation whose intensity has surprised the Sasse syndicate veteran and lady of the shires, "I am flabbergasted," she said yesterday, "I am not a Bill breaker."

Armour triste

The British High Commission in Ottawa has effectively confirmed this week what other citizens have long suspected—that there is no car on the road which can survive the brutal driving conditions which prevail in the Canadian capital in winter.

Huge quantities of salt are spread by city snow-clearing crews after each fall, and the resulting salt-saturated slush eats deep into the body of every car which ventures out—even the armour-plated Rolls-Royce of our own envoy.

"Historic 1972 Rolls-Royce Silver Shadow," runs the advertisement in the Ottawa Citizen this week, "used by British High Commissioner to Canada. Car fully armoured. Requires extensive bodywork renovations and mechanical-electrical overhaul."

A call to the British High Commission confirms that the car came well-protected against most conceivable onslaughts, with armour plate on sides, front, back and underside. But that, against the creeping enemy, was little defence. The wings are corroded and pitted with rust holes; door side panels rusted; small oil leaks; air conditioning and automatic window knocked out by electrical fault . . . I could go on, but it is all too distressing, to think of the Spirit of Ecstasy in such straits. Moral: when in Canada, rent a car.

Centre pointed

The already fading blue walls of the CBI's new council chamber formed a suitable setting yesterday for industry's desperately renewed demands for changes in Government economic policies.

Director-general Sir Terence Beckett handled this latest round in the sparring match rather more tactfully than his bare-knuckled onslaught at Brighton in November. No clenched fists this time though his hands weaved constantly to stress the diplomatic language.

There were other signs of growing agitation. The CBI's slogan of yesteryear, "Britain means business" had now become "Britain must mean business."

The £15bn four-year recovery programme was a conservative-with-a-small-c proposal for getting out of the unreal world we have been inhabiting without suffering too many traumas. As CBI president Sir Raymond Pennock saw it: "The intellectual approach." And, in terms of inflationary effect, Sir Terence added tacily: "Zilch-nothing."

But not a word of direct criticism of the Government was uttered as the CBI's 50 "action points" that would reverse the Thatcher policies were enumerated.

"If we have one criticism," said Sir Terence, finally driven to it by a sceptical reporter, "it is that the economy cannot bear the burden of present State spending." The Government had promised to cut public expenditure but it had not done enough.

So could the further £3bn the CBI wanted be saved? Sir Terence had no doubts. "The bureaucracy is like a swollen river," he said. But the 15 per cent cut in the Civil Service envisaged by the Government was less than natural wastage.

"Twice in my career," the former Ford UK chairman added, "I've had to save that amount in a single year. Anyone who says they cannot save £3bn doesn't really know the arts of management."

"I suppose they want future dole queues to be able to stand to attention."

High spirits

Whisky exporters ... whisky merchants...producers of whisky ...distillers and blenders of whisky...There may be a great deal of other business in Scotland, but if you want to get to the top of the table, there is only one line to be in.

A survey of Scotland's Top 500 Companies produced this week by Jordans clearly sets out the continuing dominance of the traditional industry. Distillers Company heads the profits table, Macdonald Greenlees (whisky exporters) has the fattest profit margins, whisky blender J. and G. Stewart shows highest return on assets.

One thing which the whisky companies do less well, however, is pay. The wages chart is topped by offshore oil service workers, with best-performing whisky company Robertson and Baxter in tenth place.

Lean cut

While BP may have staked its claim to the largest cheque ever drawn on a British bank with its recent tax payment of £591m Petroleum Revenue Tax, British companies are putting up no less distinguished a performance at the other end of the fiscal scale.

A reader holding 500 shares in the troubled meat group, Thomas Borthwick sends me a copy of the munificent dividend cheque which he received from the company last week—for a total of 5p.

Sweeney odd

My tale of the "bottle-scarred" Richard Crawshaw stirs a correspondent's reminiscence of a similar typographical gremlin in a New York newspaper. "We regret," ran a correction, "that in our announcement of the engagement of Miss ——, her fiancé was described as 'a member of the defective branch of the British police farce.' This should, of course, have read 'a member of the detective branch of the British police force.'"

Observer

هكذا من الأصل

Arthur Smith finds that the decline of the motor industry has hit hard at what was once Britain's most prosperous city

Painful adjustment to the end of affluence

THE MASSIVE Triumph car assembly hall, hailed in 1958 as the most modern in Europe, now stands empty, an eerie reminder to the people of Coventry of a manufacturing strength and prosperity that may have gone for ever.

The city that was once the symbol of Britain's thriving car industry and of post-war affluence is now struggling to come to terms with a very different situation. Nearly one in 10 of Coventry's 180,000 jobs have been lost over the past 12 months. The level of unemployment has more than doubled to beyond 13 per cent. Another 70,000 workers are on short time.

Silent machinery, echoing factories and deserted car parks have become facts of life in a city where more than 57 per cent of the work force is in manufacturing compared with the national average of 32 per cent.

The quietness of the city centre on a weekday provides evidence of the reduced spending power. The precinct, a traffic-free shopping complex built in the 1950s to give new heart to a city centre flattened by German bombs, now appears tawdry. Cut-price offers and sale notices do not seem to tempt shoppers. Pubs and restaurants are half-empty.

Councillor Arthur Waugh, Labour leader of the City Council and a retired car worker, is bitter about the regional policy of successive governments. These, he believes, have robbed Coventry of growth industries and new jobs. He points to the "distortion" which is the inevitable effect of the fact that nearly every other job is dependent upon the car industry in a city where large companies account for nearly half the total employment.

It is the vehicle industry, and the big names in particular, that have been the main casualties over the past 12 months. Apart from closing Triumph assembly, BL has shed many hundreds of jobs at Jaguar, Morris Engines, Coventry Climax, Alvis and Self Changing Gears. Meanwhile Talbot UK, now owned by Peugeot of France, has pushed through more than 1,400 redundancies at its two Coventry plants in recent months.

Other famous names have also been hard hit. Renold has closed its motor components factory with the loss of 800 jobs. Alfred Herbert, once one of the world's leading machine tool companies which employed more than 11,000 a decade ago, has been rapidly run down. Massey Ferguson, which claims that its Banner Lane tractor assembly plant is the largest in western Europe, has shed 750 jobs.

Even Rolls-Royce, regarded as one of the few bright spots because of the buoyancy of the aerospace industry, announced plans last month to cut 650 jobs at its two Coventry factories.

"Traumatic" is how Mr. Alan Berry, director of the Coventry Engineering Employers Association, described the events of the past 12 months. But he points out that the closures are also an acceleration of the steady erosion of the city's industrial base which has been going on for 20 years.

That may be. But it is only recently that this trend has become fully apparent to a town which has known nothing but success for most of this century. In the boom post-war years people—many from Scotland and Ireland—moved in to take advantage of the high wages offered by the car industry. To that extent many Coventry people once represented exactly the free enterprise spirit that the present Government wants to encourage. But they have settled in and are no longer the sort of people who are willing to move elsewhere in pursuit of jobs. Coventry has a high proportion of owner occupiers — more than 70 per cent—and an ageing population.

"It has been possible to detect a new sour mood in the city over recent weeks," says Mr. Waugh. The point is taken up by Mr. Bill Lapworth, divisional officer of the Transport and General Workers' Union: "It became apparent over Christmas. People were spilling out of pubs in the city centre not singing carols but looking for trouble. There was a new ugly mood—a bitterness and frustration that comes from unemployment."

The problem is particularly acute among the young. Nearly 5,000 young people are out of work and around 40 per cent of those who left school last summer are still unemployed. It will be much worse after this summer.

Mr. Waugh points out that at the very moment the local authority should be expanding services to provide a safety net for those hit by recession, it is required to curb spending. The difficulty is the greater because Coventry as a recently prosperous city has not previously committed funds extensively to job creation and lacks the experience to deal with problems of high unemployment.

Terry Kirk

Passing the time in Coventry's shopping centre with a giant chess board.

Fear of unemployment—and the recession—have had their effect on the much-publicised militancy of the Coventry car workers. Talbot, like several companies, has been emboldened to press ahead with new manning levels and work practices at its Ryton assembly plant in spite of union opposition. "Two years ago such a move would have been unthinkable. Now the workers know it would be foolish to pick a fight. With so much unemployment, the company holds all the cards," says one senior shop steward.

"The full gravity of the situation is only now sinking in," says Mr. Phil Povey, a regional official of the Engineering Union. "As recently as the last three weeks, the complaints have started about lack of work. For those on short time or without a job the reality dawns as the bills for gas, light, and rates start to drop through the letter box."

Among management there is concern about how long the recession will continue and the longer term prospects for Coventry. Mr. Brian Willis, of the Chamber of Commerce, says small companies are setting up. "But these are one-and-a-half-man operations. These do not replace the companies employing 20 workers and can in no way compensate for redundancies on the scale we have seen."

So far the growth of new companies has been concentrated in the service sector with few prepared to risk manufacturing. Among those who have taken small units in a former Rolls-Royce factory close to the city centre is Mr. Brian Thomas, aged 26, who left his job as a jig-borer with a local company last April to set up his own precision engineering business.

To finance the venture he sold his three-bedroomed semi and moved with his wife and two-year-old son to stay with in-laws. "We set up just before the recession bit. Turnover is now down to around £1,200 a month—a third of what it was in the first few months."

Would he still be in business in 12 months time? "We are just keeping our heads above water. I am hoping so, but I don't know."

This collapse in demand could scarcely have been more ill-timed. Mr. Ray Lee, a 33-year-old inspection foreman at Rolls-Royce and Mr. Fred Webb, a toolmaker, joined forces to offer a repair and sales service for measuring equipment.

They offer a nationwide service but the principal customer was seen as Rolls-Royce. "We were going well initially and were very busy. But it began to tail off just before Christmas because of the cutbacks in industry," says Mr. Lee. He is confident the business will survive, but admits: "At the moment we are hanging on by the skin of our teeth."

Mr. Willis argues that future growth is going to have to come from small businesses like these and, more immediately, from little companies employing perhaps 10 to 30 workers. Coventry industrialists do not want a U-turn from the Government. But there is a widespread belief that ministers are not in touch with the reality of business life. "The Prime Minister could so easily adjust the tappets and change the plugs of our engine, instead of stuffing potatoes up the exhaust and putting sugar in the petrol tank," says Mr. Willis.

Coventry's major companies—such as Dunlop Engineering Courtaulds, BL and Lucas — have been pressing for urgent Government action to ease the problems of manufacturing industry, particularly those which have been caused by the strength of sterling.

Mr. Scott Glover chairman of the large companies section of the Chamber of Commerce and director of the Coventry factories of Massey Ferguson says a recent survey of the city's large companies showed 70 per cent were faced with falling British and overseas orders. Half expected profits to deteriorate.

"The danger is that the current economic policies of the Government are going to lead to such a collapse of the industrial base that we will reach a position from which we can never climb back," says Mr. Glover.

Letters to the Editor

Blood under the bridge

From Mr. C. Baillieu

Sir,—You describe (March 3) the struggle in the Lloyd's External Names Association as "fierce," which it indeed is. Its most significant characteristic, however, is not its fierceness but its smallness, and this is the main charge against Lady Middleton's chairmanship. Only about 1.5 per cent of the external names have joined and many many more have made a conscious decision to have nothing to do with the Association under its present leadership.

The fact that Lady Middleton has breathtakingly flouted the instructions of the meeting that elected her, and has ignored the views of her own committee is, in Albee's phrase, "blood under the bridge."

There will be, under the terms of the Bill, six external names on the Council. From now on Parliament will want external names to play a responsible part in the running of Lloyd's. That is why there has to be an Association. It is not there to cut across the agent / name relationship, to take up individual grievances or to hurry the working members. It is there, or rather I hope will be there, to provide a two-way communication between the six Council members and their 16,000-strong electorate.

The pity is that under the present leadership we will only have a weak and insignificant membership. My hope is that the meeting at Lloyd's on March 11, which is open to all external names, will change all this.

C. Baillieu.
Hoyle Farm, Heyshott, Midhurst, Sussex.

Factions at Lloyd's

From Mr. N. Parker.

Sir,—As a founder of the Association of External Members of Lloyd's and the member of that body who signed the petition against the Lloyd's Bill, I took particular interest in Mr. Moore's report "Lloyd's factions vie for support" in your issue of March 3, especially as it relates to that portion of the article on the Lloyd's Bill in your February 2 issue which states in part: "The petitioners are backed by a new association seeking to represent the interests of 16,000 members. . . . The 10-member committee of the association are divided on whether or not to associate themselves with my petition, four being in favour and six against.

Having voted against the Bill at the Royal Albert Hall last year. I was approached in January by two committee members asking that I sign a petition against the Bill. While wishing it worded more strongly, I agreed, subject to legal opinion (which was favourable) to sign their version on behalf of the association and I have copies.

The first dissension I heard was shortly before the committee meeting of February 20, to which the chairman invited me and at which I therefore intended to seek a mandate. Before the meeting a vote was taken on whether I should be allowed to attend. I was surprised that a majority vote by those opposing the petition prevented me from attending. Logically, one would have expected them to use their block majority to allow me to attend and then deprive me of the mandate, thus settling the matter in committee, without a short-notice EGM.

N. Parker,
56 Curzon Street, W1.

Pension values

From the President, Society of Pension Consultants

Sir,—It is a pity that your otherwise well-reasoned leader (How to help the elderly, March 3) falls yet again into the trap of blaming occupational pension schemes for failing to maintain pension values in retirement or on job-changing.

There are some 5m employees in the public sector for whom their occupational schemes do not so fail. That protection is available simply because unlimited resources are made available.

There is no pension problem in setting up such a scheme. The problem is only one of the usage of available and limited resources. Thus, if there is a failing, it is a failing of active workers being prepared to take less in order to provide more for pensioners.

This is not an area that has been "neglected by the pensions industry." It is one which any practitioner is intensely concerned with and worried by. The worry stems from a continual refusal of people and media to recognise that no more can come out in pensions than we as the working population are prepared to divert from our own consumer capacity. Pensions people have repeatedly stated this truism, to dispel the aura of such magic solutions as appeared in the Scott committee report to which you refer. The "way forward" that it points, for those prepared to read it carefully, is that the provision of pensions of current levels is a costly exercise, the full impact of which has yet to be felt. The impression it conveys is that because something is socially desirable, the Government has only to wave the magic wand of index-linked bonds for it all to happen.

If your aim is to influence the design of occupational pension schemes then the emphasis must be directed either towards reducing the pension expectations of our community or encouraging the working population to divert more of their resources to that purpose.

A critical examination would be useful, if it directed itself to these profound matters, in identifying a reasonable deployment of national resources between the various conflicting interests. It would serve no useful purpose in simply examining pension schemes as such, the design of which inevitably reflects the wishes of the participants.

D. C. Bandey.
Ludgate House, Ludgate Circus, EC4.

Accounting for inflation

From Mr. B. Bedwell

Sir,—Companies do not go broke because they fail to use current cost accounting or any other form of inflation accounting; they go broke because they run out of cash. There will be a propensity for them to do this whether they monitor their results in historical terms or CCA terms (as Messrs. Seddon and Hazell, March 2, would have us do) if their decision making processes are inappropriate for the task. In this context translating historical results into CCA terms should only help to confirm what any good business man would suspect anyway, and establishing a real rate of return for the shareholder can be an interesting exercise in polemics, which I would not recommend for presentation to a chairman faced with falling demand, an over-valued pound sterling and cheap foreign competition.

While agreeing with Sir Kenneth Bond whole-heartedly, I would however accept CCA accounts as additional information—and only that. The really important matters to a company are that it knows where it stands in the market place in technological terms and knows where it is going, that its product pricing decisions are based on replacement costs and realistic levels of efficiency and that its capital investment decisions take into account forecast levels of costs and still produce an adequate return. In that event, CCA accounting becomes just another historical translation exercise: it can never be a decision-making tool for management.

Bryan Bedwell.
31, Sandy Lane, Cheam, Surrey.

Taxation but no representation

From the Secretary, Federation of London Wholesale Newspaper Distributors

Sir,—According to the "Cost of Camden" report, this council receives 24 per cent of its income from domestic ratepayers and 76 per cent from commercial. If this is correct, a relevant question immediately follows: "How many votes do the commercial interests have in determining Camden's financial policy, having regard to their providing over three-quarters of the income?"

J.H. Brockett.
Regent House, 89, Kingsway, WC2

Membership of the EEC

From Mr. J. Davey

Sir,—Normally, one would not bother to contradict some of Ms. Goldsmith's assertions (February 28), but it is my experience that mis-statements gradually begin to gain acceptance when continually repeated.

Therefore it should be stated again that it is the advocates of continued membership of the EEC that still cling to the old tenets of the British Empire. They cannot really accept the fact that we have no rights now to tell half the world how to run its affairs and have therefore latched on to Brussels as a substitute — and in fact a very convenient substitute being much more acceptable than, for example, New Delhi. Ms. Goldsmith emphasises these yearnings for the old Empire when she confidently asserts that the Community would completely break up if Britain left, just as her forerunners were confidently claiming the total disintegration of Empire and Commonwealth countries once we gave them independence.

There is an added twist in the mind of the marketeers in that they now, having imbibed the air at Brussels, believe that poor little England itself could not survive on its own. They are so sensitive on this point that they have tried and of course, with most of the Press on their side, with some success to fix the label that rightly belongs to them, i.e., Little Englanders, on to those of us who do have faith in our own country.

James Davey.
2, Leopold Road, Brighton, Sussex.

Attitudes to Europe

From Mr. R. Kitzinger

Sir,—Ms. Goldsmith (February 28) does not explain why our withdrawal should result in the break-up of the EEC. And would it matter if it did break up? Our relations with our Continental neighbours, and probably also their relations with each other, would surely be much more harmonious and cordial if there were no arguments over fishing rights, butter mountains, wine lakes, food prices and budgets.

Ms. Goldsmith claims that withdrawal is attractive only to the Left wing of the Labour Party, those who still fantasise about the British Empire and a small minority of Conservatives. This is absurd. The Labour Party is in the process of losing its Euro-fanatic fringe, and will then be practically united on this issue, and, while the Conservative European Reform Group is still small, it is a force to be reckoned with. Moreover the Conservative Party would be foolish to ignore the rising tide of anti-EEC feeling in the country.

Incidentally, I do not fit into any of Ms. Goldsmith's categories of those who favour withdrawal, nor do the majority of my numerous friends in the anti-Common Market movement.

Ms. Goldsmith claims there is nothing immoral in taking into account our exports of North Sea oil to the EEC "as a normal part of our trading pattern." Of course not, but if the global figures only are stated (without indicating that they include North Sea oil) then the figures give an exaggerated picture of the importance of other Common Market countries for our exports, and are therefore misleading.

R. Kitzinger.
31 Oakwood Court, W14.

Monetary policy and the value of sterling

From Mr. G Wood

Sir,—In an excellent "Lombard" column on February 24, Peter Riddell drew attention to a very important study of exchange rate behaviour by Professor Jurg Niehans.

As their basic model of exchange rate determination, economists use the "purchasing power parity" theory. That theory says that exchange rates tend to move so as to offset relative movements in national price levels. A 10 per cent rise in the general level of prices in the UK relative to the rest of the world, for example, will, according to that theory, ultimately depreciate sterling by 10 per cent relative to other currencies.

The basic model has been elaborated in various ways in recent years. It has been shown that technical progress in the course of economic development may affect the relationship between price levels and exchange rates; it has been shown that changes in the assessment of the risk attaching to a currency can affect its foreign exchange value; and it has been shown that, as happens in any asset market, exchange rates tend to move in anticipation of events such as changes in relative price levels. Professor Niehans has now introduced a further modification. He shows that it matters for exchange rate behaviour how a change in the money stock, and thus a change in the price level, is effected.

Although complicated in detail, the finding can be illustrated very simply—as Professor Niehans himself shows in the conclusion of his study. The money supply can be expanded basically in two ways—by transactions in the foreign exchange market (purchases of foreign exchange), or by transactions in the Government securities market (purchases of Government debt). If the money supply is expanded by a purchase of interest-baring foreign assets, then the exchange rate will fall by less than the price level rises—because the interest-bearing foreign assets will yield a stream of foreign currency receipts which will tend to support the currency. This is in contrast to an expansion by an operation in the market for Government debt, when no stream of foreign currency earnings is generated.

What is the implication of this result for the UK exchange rate at the moment? The result that Professor Niehans has found is a long run one. The forces which produce it are unlikely to have a substantial immediate effect on the exchange rate, and so should not be relied on to explain short run rate fluctuations. As Professor Niehans stresses, while correct in principle the finding may be quantitatively unimportant. (A similar finding of domestic monetary theory, that it matters for the price level how a change in the money stock is produced has proved to be of very slight quantitative importance.)

The result is that an exhange rate will be stronger than is indicated by relative national price levels if and only if the preceding monetary expansion has been engineered by the acquisition of forign exchange reserves. British industry is complaining, quite accurately, that sterling is stronger than current relative inflation rates seem to justify. But the preceding UK monetary expansion was most certainly not financed wholly, or even largely, by the acquisition of foreign exchange reserves. It was financed by operations in the marke for Government debt.

It therefore follows that Professor Niehans' very important finding provides absolutely no support for the claim that the conduct of past UK monetary policy has produced an over-valuation of sterling relative to UK and foreign price levels.

Geoffrey E. Wood,
Buckmaster and Moore, The Stock Exchange, EC2.

Today's Events

GENERAL

UK: Labour Party and trades union leaders attend Ernest Bevin centenary celebrations, Bloomsbury Centre Hotel, WC1.

Sir Peter Parker, British Rail chairman, speaks at Institution of Mechanical Engineers railway division annual lunch, Kensington.

East Midlands Regional Management Centre conference on Worker Participation, Derby.

UK-Romania Joint Commission trade talks conclude, London.

Mr. Frank Field, an Opposition spokesman on education, speaks at Colchester.

Christie's auction Lawrence Alma-Tadema's Venus Esquilina (the Sculptor's Model).

International Year of the Child report published.

Tennis: Davis Cup—Great Britain v. Italy, Brighton Centre (until March 8).

Overseas: West German President Dr. Karl Carstens' visit to India concludes.

Crown Prince Akihito and Princess Michiko of Japan leave Sri Lanka after four-day visit.

PARLIAMENTARY BUSINESS

House of Commons: Private Members' Bills.

OFFICIAL STATISTICS

Department of the Environment gives figures for housing starts and completions for January.

COMPANY MEETINGS

Bett Brothers, 9, Cox Street, Dundee, 12. Robert H. Lowe, The Roldane Mills, Congleton, Cheshire, 12.

COMPANY RESULTS

Final dividends: Ault and Wiborg Group. Rentokil Group.

LUNCHTIME MUSIC, London

Organ recital by John Scott, St. Paul's Cathedral, 12.30 pm.

Guildhall New Music Ensemble directed by Buxton Orr and Noelle Barker, Guildhall School of Music and Drama, Barbican, EC2, 1.10 pm.

Barclays slips to £523m but lifts dividend

BY JOHN MAKINSON

THE LARGEST of the UK clearers, Barclays Bank, has increased its dividend by 20 per cent despite a slight fall in 1980 profits.

Pre-tax profits fell last year from £529.4m to £523.5m on a historic accounting basis. Current cost profits before tax showed a sharper fall from £355.8m to £309.6m. Like National Westminster and Lloyds, which have already reported lower 1980 profits, Barclays was hit by a sharp increase in the charge for provisions against bad and doubtful debts.

The charge for specific provisions jumped from £25.5m to £102.9m, while the charge for general provisions fell slightly from £35m to £31.6m. Just over half of the charge on specific provisions related to the UK and, of this, 44 per cent was made up of manufacturing industry risk.

Mr. Roy Vine, senior general manager of Barclays, estimated that the bank had advanced "something like £250m to £300m which, in normal circumstances, we would not have advanced." This lending to companies hard hit by the recession was the principal factor behind the steep increase in provisions.

The rise in the dividend from 15.42p to 18.5p, adjusting for last year's scrip issue, was in line with the bank's own forecasts and the increases already announced by Lloyds and National Westminster. The payment is covered almost three times by current cost earnings.

The bank's profitability was also undermined by cost increases and some shift by customers from current to deposit accounts. In the UK, total overheads were up by 28 per cent and staff costs showed a rise of 31 per cent. The number of employees increased by 7 per cent. Mr. Vine said that the bank was now over-staffed and would trim its recruitment this year.

Explaining the shift in the bank's deposit mix, Mr. Vine said that current and deposit accounts each comprised 36 per cent of total deposits last year. In 1979, the figure was 40 per cent for current accounts and 32 per cent for deposit accounts.

The group tax charge has fallen from £162m to £152.1m principally because of a higher level of tax deferments on leasing liabilities. The bank wrote £600m of leasing business in the UK last year, twice the amount of the previous year.

The profits decline was more marked in the UK than in the bank's international operations. Profits before tax and loan capital payments from the domestic clearing bank fell from £325.4m to £290.5m, while Barclays Bank International increased its profits from £150.2m to £ 179.9m. Barclays Merchant Bank reported profits of £7.3m (£7m), Mercantile Credit Group made profits of £38m (£36.9m) and other subsidiaries and associates accounted for £33.1m (£27.3m).

Commenting on the international opeartions, the bank's chairman, Sir Anthony Tuke, said: "We have done well in a number of areas, particularly Africa and Europe. The expansion of our activities in the U.S. in terms of the acquisition of commercial and consumer finance businesses and a number of banking offices, however, came too late to affect profit levels in what has been a difficult year there." The strength of sterling last year wiped between £12m and £13m off the bank's profits.

On the current year, Mr. Frank Dolling, group vice-chairman for finance and planning, said that the international operations would continue to do well although it was uncertain whether they would be sufficient to compensate for an inevitable decline in UK banking profits.

The group operating profit was £498.7m (£502m) and associated companies contributed £50.1m (£44.8m). Interest on loan capital was £25.3m (£17.4m) and the minorities charge totalled £23.6m (£18.3m). With extraordinary items contributing £0.5m, compared with a 1979 charge of £0.6m, attributable profits worked out almost unchanged at £348.3m (£348.5m).

Mr. Anthony Tuke, Barclays chairman.

Dividends cost £52.2m (£43.1m) and earnings per share were 124.2p (125.4p).

See Lex

Payment reduced as profits slide at Campari Internat'l

With turnover down marginally from £12.23m to £12.04m, Campari International, the leisurewear, camping and boating equipment importer, reports pre-tax profits of £285,980 as against £737,985 for the seven months to December 31, 1980. The interim dividend is cut from 1.9p to 1p net.

The Board says that the depressed state of the UK economy, increased interest charges and the strength of sterling were the main factors contributing to the fall in profits. While trading at Campari International's continental subsidiaries is satisfactory the outlook in Britain remains unclear. However, the Board intends to pay a full dividend for the year "should the trading position warrant it." Last year's total dividend was 4p.

Interest charges in the current period increased to £914,772 (£811,989) but tax fell back to £125,000 (£390,00). Earnings per 20p share were 2p (4.4p).

● comment

The market responded unfavourably to Campari International's attempt to hedge its bets by reducing its interim dividend but saying it will make up the shortfall at year-end if the incipient recovery in the UK continues. A maintained interim would have been just covered and the 1.9 cover for the slimmed midway pay-out looks way out of line in current market conditions. The shares fell by nearly 10 per cent on the results to close at 46p, a 54 per cent discount to net assets. Profits tumbled by 61 per cent on a slightly lower volume of business. European earnings, which now account for about 48 per cent of group profits, increased but not sufficiently to offset the downturn in the UK. Estimates for the full year remain difficult to determine since the company describes the UK outlook as "obscure" and profits from overseas will be sensitive to sterling fluctuations against the major European currencies. Assuming a 3p final dividend, which would be needed to make up for shortfall at the interim, the shares are on a prospective yield of nearly 13 per cent.

Development costs hit Baker Elect.

FULL YEAR profits from Baker Electronics, the newly-floated electrical engineering company, are unlikely to be more than £72,000 after allowing for exceptional product development costs of £80,000.

When Tring Hall Securities brought Baker to market last August under Rule 163(2) profits for the current year were forecast at £240,000, against £97,000 in the year to March, 1980. The forecast had been studied by Touche Ross, accountants, whose audit and accounting investigation fees for the launch were £27,000.

Yesterday, a spokesman for Touche Ross said that the firm "had no comment to make on this matter."

Baker published its interim figures yesterday for the period to the end of September, revealing an accelerating decline in profitability in its main business and heavy unforeseen development costs on its briefcase computer post the July launch of the product.

Development costs are now expected to be £80,000 for the computer for the full year, of which £32,600 have been written off first half profits.

This leaves pre-tax profits for the six months at £82,000 (£97,000) on a turnover down 27 per cent from the corresponding period's £1.2m.

Conditions for the company's main business of electrical transmission equipment has deteriorated in the second half with both volume and margins severely cut by delays in placing of orders from Government departments and price cutting from competitors.

As a result, the company now states, the "group will trade at a loss" in the second half, after allowing for the remaining development costs on the computer.

This is to be relaunched later this month. Meanwhile, "recent levels of orders" for the main business are said to have been encouraging.

Baker was floated in the market last August at 60p and the share price rose to 103p in first dealings. In the past week the price has tumbled from 53p to a low of 25p but it rose 10p yesterday after the figures.

Mr. Derek James, the newly-appointed finance director, said yesterday that the company was "not in a position" to comment on a dividend for the year. The prospectus last August proposed a single dividend, payable in August, of 3.85p net. This was dependent on the profit forecast.

March 5	Price %	+ or −
Banco Bilbao	280.0	−2.0
Banco Central	320.0	
Banco Exterior	260.0	−2.0
Banco Hispano	284.0	−2.0
Banco Ind. Cat.	126.0	
Banco Madrid	141.0	
Banco Santander	323.0	−6.0
Banco Urquijo	185.0	−3.0
Banco Vizcaya	305.0	−4.0
Banco Zaragoza	229.0	
Dragados	135.0	+3.0
Espanola Zinc	74.0	
Fecsa	58.0	−0.2
Gal. Preciados	32.5	−1.0
Hidrola	65.0	−0.7
Iberduero	57.0	−0.5
Petroleos	89.0	−0.7
Petroliber	70.0	
Sogefisa	91.0	−2.0
Telefonica	61.5	−0.2
Union Elect.	64.0	−0.7

Improvement at Atlantic Computer

TURNOVER REPORTED by Atlantic Computer Leasing for the year to December 31, 1980, was marginally down from £16.96m to £16.28m.

But net profits on consolidation were up at £1.34m (£1.16m), and net assets of £3.81m (£3.59m).

The company says that profits were depressed by high interest rates. But it says the number of lease orders signed was up by 28 per cent over 1979. Lease order values were, however, virtually unchanged at £16.3m because of lower IBM prices.

Davy forecasts further expansion

PRE-TAX PROFITS by Davy Corporation, the London industrial holding company which has been the subject of a takeover bid by Enserch Corporation, rose substantially from £4.56m to £6.07m in the six months to September 30, 1980. Turnover, however, fell from £382.46m to £323.02m.

The bid, subsequently rejected by the Davy board, has been referred to the Monopolies and Mergers Commission.

Sir John Buckley, the chairman, says the results for the full year are likely to be better than the previous year when pre-tax profits were £15.94m, but still below the potential of the company, the outlook for which remains excellent. He says the cash position continues to be strong.

HIGHLIGHTS

Lex looks at the figures from Barclays Bank which show that the year's profits have fallen in the middle ground of analyst's forecasts with a 1 per cent slip for the full year to £523.5m pre-tax with a 14 per cent decline in the second half. Davy Corporation, which has been defending itself from an unwelcome bid, revealed profits up from £4½m to £6m in the half year, but last year's profit was struck after a large provision. J. Bibby pushed up its 1980 profits with the help of better results from animal feeds, seeds and the medical business. Finally Lex looks at the Petroleum Revenue Tax. On the inside pages several companies come in for comment, including Mitchell Cotts and house builder Comben.

The UK is in an acute period of economic reorinetation, he adds, but business in these circumstances is difficult. Even so, there continues to be a considerable amount of activity in the process industries throughout the world.

At the present time, adds Sir John, there are a number of major projects, which offer long-term benefits to the countries concerned, for which Davy is qualified to bid and where it is involved in active discussion. Competition is keen, but the group is well-placed to win a satisfactory share of the market.

Tax charged was down from £1.82m to £222,000, but this is based on the estimated charge for the year to March 31, 1981.

Extraordinary items, which mainly comprise the costs of closure of manufacturing units, totalled £2.06m (£863,000 credit), leaving attributable profits up from £3.6m to £3.79m.

The net interim dividend is unchanged at 2p—last year's total was 6.7p. Dividends again absorb £1.51m.

See Lex

Robinson Brothers

PRE-TAX profits of Robinson Brothers (Ryders Green), manufacturer of organic chemicals, slumped from £1.43m to £223,000, on turnover down from £12.14m to £11.51m, in the year to January 3, 1981.

After tax of £197,000 (£84,000), redundancy costs and a loss on the sale of investments of £56,000 the attributable loss came out at £30,000 (£1.35m profit).

Loss per £1 share emerged at 19.4p (113.0p earnings) and the company says no second interim will be paid, making a total for the year of 10p (20p).

At the interim stage pre-tax profits had fallen to £435,000 (£810,000).

Kode finishes below forecast

A DELAY and reduction of sales in the capital goods business, which continues to face difficult trading conditions, has resulted in the outcome for the year at Kode International being less than anticipated by the Board.

Pre-tax figures to the end of December, 1980, however, show an increase from £1.25m to £1.41m. Turnover of the manufacturer of computer equipment rose from £8.5m to £10.43m.

Mr. Terry Darlow, the chairman, says the order book is higher than at this time last year. This, together with investment in new plant and products during the year, gives rise to the Board's confidence in continuing its investment policies so that growth in all sectors of the company can be increased when market conditions allow.

In the meantime, he says, the company's service, leasing and components businesses have met or exceeded their planned performance.

The pre-tax profit includes net interest received of £61,000 (£74,000). Tax was marginally lower at £492,000 (£495,000), but this was further reduced by a non-recurring write-back of deferred tax provisions amounting to £118,000. As a result, reserves have increased by £776,413 to £3.5m.

The stated earnings per 25p share are 23.3p (17.42p). Had the earnings per share been calculated on the basis of the tax charge prior to crediting the transfer from deferred tax account, the historical earnings per share would have been 20.63p, says the Board.

The final net dividend is unchanged at 4.369p but the total is lifted from 6.58p to 6.689p. Dividends absorb £297,000 (£286,000).

● comment

In the previous year Kode estimated that the engineering strike stripped £200,000 from profits and write-offs against obsolete equipment trimmed another £140,000 from the pre-tax level. Add those back and the latest results look reasonable taking into account that another £100,000 plus write-off has been sliced from the 1980 figures. The market, which pushed the shares 8p higher to 293p yesterday, is taking the view that profits will show a fair rise this year. Indeed Kode points to a higher order book but on average that stretches six months. A fully taxed historic p/e of nearly 19 and yield of 3.3 per cent looks hefty but is sustainable as long as Kode keeps within the market's "high technology arena." A high level of capital expenditure—£1m last year—is geared to this ambition. Acquisitions may be on the way but shareholders should not hold their breath.

BUTLIN'S BUYS N. WALES HOTEL

Butlin's is to take over the 157-roomed Grand Hotel at Llandudno, North Wales, from its present owners, Trusthouse Forte Hotels.

Butlin's will take possession of the hotel at the end of this month and it will open for the main season at the end of May.

Rea Bros. shows increase

AFTER TAX and a transfer to inner reserves, profits of Rea Brothers, merchant banker, improved from £601,000 to £750,000 in the year to end-December, 1980.

A final dividend of 1.275p per 25p share brings the net total up to 2p, which compares with 1.5p after allowing for the scrip issue.

There is a further free issue on a one-for-five basis.

Retained profit for the year increased from £383,000 to £463,000.

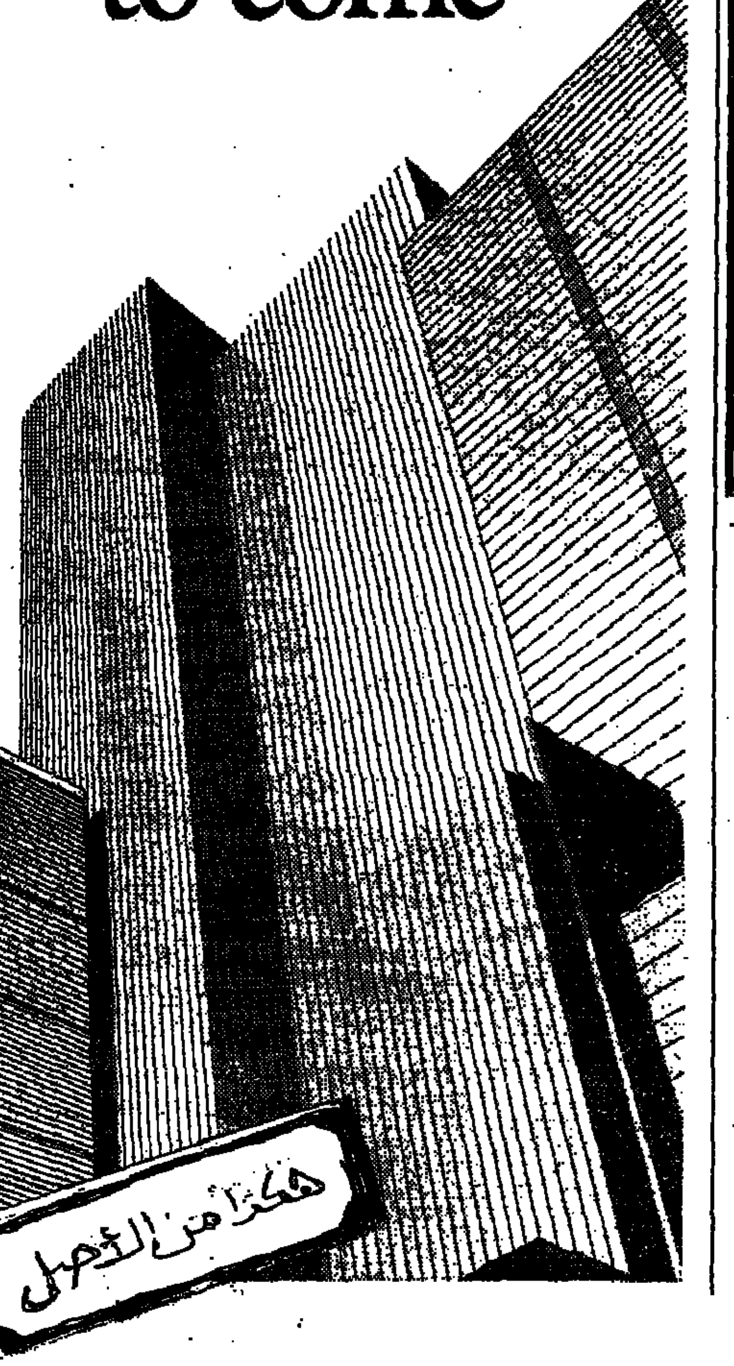
At the year-end balances with bankers and money at call totalled £19.03m (£25.9m), bank certificates of deposit and bills discounted were £0.8m (£2.55m) and money at short notice amounted to £27.7m (£18.69m). There were no special deposits with the Bank of England (£0.24m) and other loans to local authorities and banks stood at £19.65m (£6.63m).

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div.	Total for year	Total last year
J. Bibby		4.93	—	4.25	7.13	6.25*
Boged-Pelepah	int.	0.1	April 23	0.19	—	0.59
Do. "A" Shares	int.	0.2	April 23	0.38	—	1.18
Campari Intl.	int.	1p	April 21	1.9	—	4
Comben Group		1.35	May 19	1.35	2.55	2.55
Cressfriars Trust	int.	2	April 2	2	—	6‡
Derek Crouch		3.42	April 3	3.12	5.05	4.59
Davy Cpn.	int.	2	April 8	2	—	6.7
Family Invest. Trust		3.6	May 7	3.55	6	5.55
General Mining Union		100§	April 16	75	150	100
Thomas Jourdan		3.5	—	3.15	5.25	4.2
Kode Intl.		4.37	—	4.37	6.69	6.58
Law Debenture Cpn.		4.75	April 17	4.5	7.25	6.5
Mitchell Cotts†	int.	0.66	May 11	0.66	—	3.61
Rea Bros.		1.28	April 14	0.96*	2	1.5*
W. N. Sharpe Hldgs.		4	—	3.5	7	6
Staff. Potteries	int.	Nil	—	1.13	—	1.13
Trans-Oceanic	int.	2.5	May 6	2.5	—	7

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Includes non-recurring payment of 0.3p. § S. African cents throughout.



EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Mar. Last	June Vol.	June Last	Sept. Vol.	Sept. Last	Stock
SEAR C	$15	3	1⅛	8	1⅞	—	—	$15⅞
		April		July		Oct.		
ABN C	F.280	2	9	3	13	—	—	F.283
ABN C	F.300	42	3	21	4.90	—	—	"
ABN C	F.320	6	0.80	—	—	—	—	"
AKZO C	F.15	1	2.60	3	3.50	1	4	F.17.40
AKZO C	F.17.50	30	0.80	—	—	16	2.90	"
AKZO C	F.20	—	—	38	0.90 A	12	1.50	"
AKZO C	F.22.50	8	0.10	—	—	—	—	"
AMRO C	F.60	—	—	10	0.90	—	—	F.54.90
KODA C	$80	7	3¼	—	—	—	—	$78⅛
HEIN C	F.55	43	2.20 B	4	4	14	4.80	F.55.50
HEIN C	F.60	50	1	2	2.20 A	45	2	"
HEIN C	F.65	8	0.50	—	—	—	—	"
HEIN P	F.55	16	2.20 A	10	3.70 A	—	—	"
HEIN P	F.60	10	4.50	—	—	—	—	"
HOOG C	F.15	5	2.90	—	—	—	—	F.17.90
HOOG C	F.20	—	—	20	0.80	—	—	"
IBM C	$60	5	4	—	—	—	—	$62¼
IBM C	$65	—	—	—	—	1	4⅞	"
IBM C	$70	7	7/16	—	—	—	—	"
IBM P	$60	—	—	10	2¼	—	—	"
KLM C	F.55	2	22.30B	—	—	—	—	F.77
KLM C	F.70	67	8.70 A	—	—	1	10.50	"
KLM C	F.80	65	3	24	4.80 B	5	6.80	"
KLM P	F.65	15	0.50	—	—	—	—	"
KLM P	F.70	22	1.80 A	—	—	—	—	"
NATN C	F.130	—	—	—	—	10	5	F.125.30
PHIL C	F.15	120	3.30	64	3.40 B	—	—	F.18.20
PHIL C	F.17.50	49	1.10	18	1.80	16	2	"
PHIL C	F.20	19	0.30	99	0.70	107	1.10	"
PHIL P	F.17.50	160	0.50	8	1.10 B	1	1.20	"
PHIL P	F.20	2	1.90	10	2.90	—	—	"
OLIE C	F.95	9	9.50	—	—	—	—	F.103.10
OLIE C	F.100	10	5.80	—	—	10	10	"
OLIE C	F.110	39	1.80	11	3.20	15	5.60B	"
OLIE C	F.120	20	0.30	—	—	—	—	"
OLIE P	F.80	20	0.10	—	—	—	—	"
OLIE P	F.85	80	0.10	—	—	—	—	"
OLIE P	F.95	4	0.80	—	—	—	—	"
OLIE P	F.100	27	1.50	—	—	10	5	"
OLIE P	F.110	—	—	—	—	10	12.50	"
UNIL C	F.130	2	6.30A	—	—	3	7.80	F.133.80
UNIL C	F.135	21	2.80	—	—	—	—	"
UNIL P	F.130	10	1.10	—	—	2	6	"
UNIL P	F.150	4	2.50	—	—	—	—	"
		May		Aug.		Nov.		
MANN C	DM.130	—	—	20	4.50	—	—	DM128.9
SIEM C	DM.260	—	—	5	5	—	—	DM247.70
SLUM C	$110	—	—	2	10½	—	—	$108
SLUM C	$120	3	2½	—	—	—	—	"
VW C	DM.150	8	4.60	—	—	—	—	DM 149

TOTAL VOLUME IN CONTRACTS 1679

A=Asked B=Bid C=Call P=Put

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UK COMPANY NEWS

Thomas Jourdan climbs to record £709,000

Thomas Jourdan, investment holding company, were the highest ever Mr. Archie McNair, chairman, reports. On turnover up from £5.45m to £6.76m, profit before tax has more than doubled from £345,000 to £709,000, in the year to December 31.

A final dividend of 3.5p (3.15p) per 10p ordinary share has been announced making 5.25p for the year (4.2p).

Interest charges are marginally higher at £129,000 (£125,000) but the deduction for tax is considerably increased at £368,000 (£162,000).

Stated earnings per share are shown 86 per cent ahead at 8.47p (4.55p) after the deduction of £29,000 for extraordinary items—last year there was an addition of £30,000.

Dividends absorb £214,000 (£169,000) and retained profits emerge at £855,000 (£757,000).

At the half year stage pre-tax profits had surged to £331,000 (£108,000).

All the companies have continued to trade profitably in the second half says Mr. McNair. The group balance sheet at the year-end is considerably stronger than the previous year with a substantial reduction in borrowings from £767,000 to £460,000.

At the moment it is difficult to see whether the outcome for 1981 will be as good as in 1980, he says, although the longer term prospect looks much more encouraging.

An analysis of turnover shows: royalties £0.34m (£0.35m); consumer products £2.71m (£1.83m); engineering £3.71m (£3.26m). And a breakdown of trading profit: royalties £302,000 (£311,000); consumer products £348,000 (£381,000); engineering £329,000 (£28,000 loss).

● comment

Thanks to a £1.5m order from the Soviet Union for tyre-splicing equipment, the engineering division of Thomas Jourdan recovered from a £28,000 trading loss in 1979 to produce almost all the group's 50 per cent rise in trading profit during 1980. Net borrowings were reduced by more than two-fifths throughout the year but interest charges were unchanged. The final dividend is raised only 11 per cent after a 16 per cent increase at the interim stage and the chairman is very cautious about the current year. Hopes for progress later in the year and beyond rest on an improvement in Mary Quant royalties now that Max Factor has taken over the licence, the conversion of a good level of inquiries for tyre-splicing equipment into orders and the skills of a new managing director in marketing the group's consumer products. At 91p, up 1p, the shares yield 8.6 per cent and are on a fully-taxed p/e of about 10½.

William Whittingham cautiously optimistic

Cautious optimism that further progress will be seen during the current year is expressed by Mr. John Wardle, chairman of William Whittingham (Holdings), the Wolverhampton-based building contractor, estate developer and photographic processing concern.

He tells shareholders in his annual review it is likely that the housebuilding side will at least hold its own during 1980-1981, and that industrial development will again make a material contribution to profits.

"I am entirely confident that our own photographic processing division will continue to outperform its competitors, and that another very satisfactory result may be looked for," the chairman states.

As reported on February 20, pre-tax profits for the year ended October 31, 1980, rose from £2.21m to £2.85m and a final of 4.5p lifts the total dividend to 6.75p (6p).

Balance sheet, at the year end, shows shareholders' funds of £7.05m against £5.48m, mortgage loans £272,000 (£1.55m), and bank and cash balances of £2.79m (£2.4m). Bank overdraft increased from £5.31m to £8.22m.

Meeting, Birmingham, April 8, at noon.

County Bank shortfall

Taxable profits of County Bank, the merchant banking subsidiary of National Westminster Bank, declined in the 12 months to end-December, 1980, from a restated £7.31m to £6.87m.

After tax, and dividend payments of £580,000, retained profit of £2.85m was added to reserves.

Total assets at year-end amounted to £792m (£662m) with capital and reserves standing at £27.1m. Advances in the year rose from £297m to £343m.

During the year the bank achieved real progress both in terms of volume of activity and in terms of its relative position in its specialist markets.

It substantially raised its income from fees and the net return on loans and other financings. However, higher overhead costs were incurred in achieving growth.

BANK RETURN

BANKING DEPARTMENT

	Wednesday March 4 1981	Increase (+) or Decrease (—) for week
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	33,925,580	— 327,573
Bankers Deposits	527,880,236	— 2,547,535
Reserve & other Accounts	1,356,403,198	+ 14,664,584
	1,932,762,014	+ 11,789,376
ASSETS		
Government Securities	253,685,856	— 298,335,000
Advances & other Accounts	1,499,943,243	+ 686,461,948
Premises Equipment & other Secs.	155,578,429	— 373,357,418
Notes	23,104,875	— 2,965,734
Coin	449,611	— 14,420
	1,932,762,014	+ 11,789,376

ISSUE DEPARTMENT

	£	£
Liabilities		
Notes issued	10,275,000,000	+ 50,000,000
In Circulation	10,251,895,125	+ 52,965,734
In Banking Department	23,104,875	— 2,965,734
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	5,921,198,407	— 787,851,601
Other Securities	4,348,786,493	+ 837,851,601
	10,275,000,000	+ 50,000,000

BASE LENDING RATES

A.B.N. Bank	14 %
Allied Irish Bank	14 %
American Express Bk.	14 %
Amro Bank	14 %
Henry Ansbacher	14 %
AP Bank Ltd.	14 %
■ Arbuthnot Latham	14 %
Associates Cap. Corp.	14 %
Banco de Bilbao	14 %
BCCI	14 %
Bank of Cyprus	14 %
Bank of N.S.W.	14 %
Banque Belge Ltd.	14 %
Banque du Rhone et de la Tamise S.A.	14½ %
Barclays Bank	14 %
Beneficial Trust Ltd.	15 %
Bremar Holdings Ltd.	15 %
Brit. Bank of Mid. East	14 %
■ Brown Shipley	14 %
Canada Perm't Trust	15 %
Cayzer Ltd.	14 %
Cedar Holdings	14 %
■ Charterhouse Japhet	14 %
Choulartons	14 %
C. E. Coates	14 %
Consolidated Credits	14 %
Co-operative Bank	*14 %
Corinthian Secs.	14 %
The Cyprus Popular Bk.	14 %
Duncan Lawrie	14 %
Eagil Trust	14 %
E. T. Trust Limited	14 %
First Nat. Fin. Corp.	16½ %
First Nat. Secs. Ltd.	16 %
Robert Fraser	14 %
Antony Gibbs	14 %
Greyhound Guaranty	14 %
Grindlays Bank	‡14 %
■ Guinness Mahon	¶14 %
■ Hambros Bank	14 %
■ Hill, Samuel	§14 %
C. Hoare & Co.	†14 %
Hongkong & Shanghai	14 %
Keyser Ullmann	14 %
Knowsley & Co. Ltd.	16 %
Langris Trust Ltd.	14 %
Lloyds Bank	14 %
Edward Manson & Co.	15 %
Midland Bank	14 %
■ Samuel Montagu	14 %
■ Morgan Grenfell	14 %
National Westminster	14 %
Norwich General Trust	14 %
P. S. Refson & Co.	14 %
Rossminster	14 %
Ryl. Bk. Canada (Ldn.)	14 %
Slavenburg's Bank	14 %
E. S. Schwab	14 %
Standard Chartered	‖14 %
Trade Dev. Bank	14 %
Trustee Savings Bank	14 %
Twentieth Century Bk.	14 %
United Bank of Kuwait	14 %
Whiteaway Laidlaw	14½ %
Williams & Glyn's	14 %
Wintrust Secs. Ltd.	14 %
Yorkshire Bank	14 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 11½%. 1-month 11¾%. Short term £4,000/12 months 13.35%.
† 7-day deposits on sums of £10,000 and under 11½%, up to £50,000 12%, and over £50,000 12½%.
‡ Call deposits £1,000 and over 11½%.
¶ 7-day deposits 12%.
§ Demand deposits 12%.
‖ 21-day deposits over £1,000 13%.

Improved marketing aids Comben

IMPROVED marketing and efficiencies achieved during the year to December 31, 1980 have contributed, in the main, to Comben Group, estate developer and house builder, reporting increased pre-tax profits for the period.

The increase was from £5m to £5.76m, despite interest charges up from £2.45m to £2.66m, after showing an advance from £2.3m to £2.81m at half-way. Turnover for the year rose from £51.06m to £52.56m.

The board considers it prudent in the present economic conditions to maintain the same level of dividends as last year, and the final is unchanged at 1.35p for a same-again total of 2.55p.

There were extraordinary debits of £464,000 (£40,000 credits), and stated earnings per 10p share were higher at 14.1p (12.3p).

A substantial addition to the land bank was achieved by the acquisition during the latter part of the year of 725 undeveloped plots and 142 plots under construction from Wiggins Construct for £6.6m. To avoid increasing gearing ratios, the amount involved was partially funded by the issue of £2.9m preference shares.

Overseas activities are beginning to represent an increasingly important source of earnings, and this trend is expected to continue following the acquisition of two new sites in Houston, Texas, a second major site of 50 acres at Corveiro in the Algarve, Portugal, and two additional sites in Paris.

The historical pre-tax figure was reduced to £4.13m on a CCA basis.

● comment

The housebuilders are probably about as responsive to interest rate hopes as their cousins in the property market. These expectations, then, probably account for most of Comben's rise from 35p to 50p in the last six weeks although the group itself admits that there is little or nothing in the first half this year to excite hopes of a rise in demand. Slightly down from the year's peak ahead of the results, the shares dropped 2p to 46p yesterday. The outlook in the UK is dull, to say the least, until the back half of the year, but Comben is pinning rising hopes on the success of its diversification overseas. Activities in Houston, Paris, its suburbs and the Algarve seem set to grow and it may help that the group's chosen diversification route is housebuilding overseas rather than the well-beaten property investment path (at least the problems of sector categorisation and the balance sheet strains can be side-stepped) but it is possible to cavil at such strong CCA cover for the maintained dividend which yields 8.2 per cent.

Birmid Qualcast now in property development

THE IRON FOUNDRIES of Birmid Qualcast at Smethwick, which have already been closed, are to be demolished to yield some 25 acres of land for future development.

After considering a detailed study commissioned from outside professional advisers, the board has decided to undertake direct investment in the development of a strategically located industrial estate. This, the directors state, should bring with it a reliable source of future income and provide a useful diversification for the group. It is also expected to enhance the group's borrowing base progressively for future expansion in other directions.

The group still has to rely upon cyclical businesses such as the automotive industry, and the introduction of a stable source of earnings will be a welcome long-term benefit, they add.

As reported on February 19, a second half loss of £4.53m left pre-tax profits for the year to October 31, 1980 well down from £6.38m to £225,000 and the final dividend was omitted, cutting the total payment from 4p to 1.5p net.

As at November 1, 1980, Securities Management Trust held 6 per cent of Birmid Qualcast shares.

Meeting: Birmingham, on March 26, at noon.

J. Bibby advances 11.5% and confident this year

SECOND-HALF 1980 taxable profits of J. Bibby and Sons climbed from £5.68m to £6.27m giving the industrial and agricultural group a full-year figure up 11.5 per cent at £10.82m, compared with £9.7m. Turnover for the year rose marginally from £188.1m to £189.9m.

On prospects, Mr. Leslie Young, the chairman, says that despite extremely competitive trading conditions, he is confident that the group will achieve a further increase in pre-tax profits for the year.

Tax was £1m higher at £2.59m and after extraordinary credits of £132,000 (£241,000 debits), net attributable profits for 1980 came out ahead from £7.88m to £8.37m.

After providing for the higher rate of tax, earnings per 50p share fell slightly from 32.68p to 31.87p. On a fully taxed basis, however, the figure improved from 18.61p to 19.98p, while current cost earnings were higher at 24.68p (16.83p).

A final dividend of 4.925p (4.25p) net, lifts the total payment by 14 per cent from 6.25p to 7.125p per share. Dividends absorb £1.91m (£1.62m), leaving the retained balance at £6.28m, against £6.03m.

Significantly higher trading profits were achieved by the industrial side, in part arising from the purchase of the 60 per cent of Sterilin equity not already owned, but also from a much improved performance by the edible oils division. These gains, however, were partly offset by a lower result from the paper and converted products division.

The agricultural side also increased trading profits, with a substantially higher result from the feeds and seeds division, offset partly by a reduced contribution from farm products.

Overall group trading profits advanced from £9.02m to £10.79m, while the associates' contribution was much lower at £32,000 (£685,000).

See Lex

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals.

TODAY

Interims: Courtney Pope, Telefusion.
Finals: Ault and Wiborg, Beradin Rubber Estates, Carlton Industries, Dewhurst Dent, Greenfields Leisure, Rentokil.

FUTURE DATES

Interims—
Lucas Industries .... Mar. 26
Walker (James) Goldsmith and Silversmith .... Mar. 18

Finals—
Appleyard .... Mar. 31
BICC .... Apr. 8
Britannic Assurance .... Mar. 12
Clarks (T.) .... Mar. 19
Hepworth Ceramic .... Mar. 19
Hestair .... Apr. 23
Macfarlane (Clansman) .... Apr. 1
Neil and Spencer .... Mar. 9
Sale Tilney .... Mar. 19
Tomatin Distillers .... Mar. 24
Ultramar .... Mar. 11

Law Debenture advance

The investment trust Law Debenture Corporation ended the year to December 31, 1980 slightly ahead with pre-tax profit at £1.54m, against £1.47m previously.

A net final dividend of 4.75p made 7.25p for the year, compared with 6.5p in 1979. After tax of £564,335 (£533,648) earnings per 25p share rose to 8.47p (8.12p and excluding special dividends, 7.14p).

The net asset value per share was given as 167.4p (132.6p).

£0.73m rise by W. N. Sharpe

Pre-tax profit of W. N. Sharpe Holdings, greeting cards manufacturers, increased £731,000 to £5.12m for the year to end December 1980 on an improved turnover of £14.57m, against £13.25m.

At half-way pre-tax profits were up £85,000 to £2.14m.

The final dividend was 4p, making a total payment of 7p, compared with 6p in 1979. After tax of £2.40m (£2.29m), earnings per 25p share were given as 37.2p, against 28.9p previously.

Profits included an increased gross income of £683,254 (£438,645) from the group's investments, and a surplus on the realisation of securities of £950 (£19,745). On a CCA basis, pre-tax profit was shown as £3.94m.

BTR South Africa 67% higher

TURNOVER of BTR South Africa for the year to January 2, 1981, rose 37.7 per cent to R127.78m, compared with R92.8m for the previous 13 months, and pre-tax profits pushed sharply ahead from R11.9m to R19.87m, a rise of 67 per cent.

Tax took R7.85m (R4.43m), leaving earnings 62.2 per cent up from 49.7 cents to 89.6 cents and the dividend total is raised from 30 cents to 50 cents.

The directors state that the South African economy has seen substantial growth during the period, with a consequent improvement in liquidity and demand in the market place. While demand for group products continued to grow throughout the year, one area of particular success was the export promotion of new rail track fastners for use in the U.S. and other countries

Bogod-Pelepah falls sharply to £33,000

Despite an increase in turnover from £2.54m to £3.06m, Bogod-Pelepah, the clothing and textile machinery manufacturer, saw mid-term pre-tax profits slide from £220,000 to £33,000 for the half-year to September 30, 1980. Tax was reduced to nil from £114,400 last time.

The interim dividend is cut sharply with a 0.1p (0.19p) payout on ordinary shares and 0.2p (0.38p) on "A" shares. Stated earnings per 10p ordinary shares were 0.31p (0.99p) and earnings per 10p A shares dropped to 0.62p (1.98p).

Receiver for Hubbard and Kenning

Hubbard and Kenning, a Leicester knitwear company, has been put into the hands of the Receiver at the request of Barclays Bank, the debenture holder.

Mr. Fred Marks, a Nottingham partner in Peat Marwick Mitchell and Co., has been appointed receiver and manager of the company which manufactures ladies jumpers, suits and other knitwear for sale under customers own-brand labels. The staff of 50 have been made redundant.

The receiver said yesterday that the company had suffered a rapid decline in orders and losses had been made. Turnover to the end of March was put at £720,000 but gross margins had dropped from 35 per cent to 3 per cent.

The company had no orders in hand at the moment. It was in between seasons with samples being sent out for autumn buying. The receiver said that the company used to have a useful export trade to Eire, "but the strength of the £ put an end to that."

The receiver is actively trying to find a buyer for the company.

No dividend from Blackwood (Canada)

Turnover for the year to December 31, 1980, of Blackwood Hodge (Canada) increased from C$129.87m to C$134.78m, but pre-tax profit dropped sharply from C$5.05m to C$2.4m.

The tax charge was substantially down at C$520,000 (C$1.8m) and stated earnings per share emerged at C$0.77 (C$1.59 including C$0.25 attributable extraordinary tax credit). No dividend is to be paid (C$0.5).

The company, which specialises in the sale and service of heavy equipment to the mining, forestry and construction industries, is 75 per cent owned by Blackwood Hodge of Great Britain.

NORTON WARBURG INVESTMENTS

Norton Warburg Investments will shortly change its name to Waterbrook. Mr. Ronald Aitken stressed yesterday that he has at no time been a director of Norton Warburg Group or Norton Warburg Holdings.

Loss for Staff. Potteries: no interim

THE PLUNGE in profits seen last year by Staffordshire Potteries (Holdings) has continued in the current year and for the six months to end-December, 1980, the group incurred a pre-tax loss of £595,000, compared with a profit of £305,000.

The interim dividend is being omitted—last time 1.13p net was paid but the final was passed following a fall in taxable profits from £1.24m to £312,000. A decision relating to the final this time has been deferred until the end of the year when the pattern of demand and profitability can be assessed. The board attaches paramount importance to restoring dividend payments.

Sales for the half year improved from £7.08m to £8.47m.

Mr. Bill Bowers, the chairman, states that in the extremely difficult economic climate, priority has been given to reducing working capital.

He explains that this action has required substantial short-time working in the dinnerware division to bring down stock levels. While this has adversely affected trading profits, it has enabled the company to maintain a satisfactory cash flow and contain borrowings.

Mr. Bowers says general economic conditions remain difficult and destocking is continuing. Substantial economies are being achieved and new and innovative products are being developed. Maximum effort to improve productivity will continue and thus mitigate the effects of increased costs.

The loss for the half year was struck after interest charges much higher at £476,000 (£270,000)

There was an attributable loss of £593,000 (£274,000 profit), equivalent to a 10.54p loss per

Earnings relating to Taunton Vale Industries are included from October 3, 1979.

● comment

There are signs that Staffordshire Potteries has seen the worst of the recession with its order book now 20 per cent up on this time last year. Unlike many of its competitors in the domestic market Staffordshire Potteries has managed to slightly increase sales volume while exports are 30 per cent up in monetary terms but volume is slightly down. Virtually all its staff are now back on full-time working and the company appears confident it will be trading in the black by the end of the second half. Yet for the full-year a pre-tax loss is in sight. If a return to profitability appears reasonable then a token final dividend is possible. The shares fell 4p to close at 46p, a 65 per cent discount to net assets per share on June 30, 1980.

Mitchell Cotts grows 20% at midterm

MUCH IMPROVED results from its South African operations helped Mitchell Cotts Group, the engineering, transport and trading concern, to increase taxable profits by 20 per cent from £2.98m to £3.58m for the half year to December 31, 1980, on turnover £31m higher at £159.74m.

The directors warn, however, that the group's British and Belgian activities are facing greater economic difficulties than expected and these are eroding the improved overall results of the first half

Under these circumstances, they say it is difficult to forecast the likely outcome for the year as whole. Pre-tax profits for the 12 months ended September, 1980 were £9.02m.

The South African result included this time a full six months contribution from Clifford Harris, acquired in March, 1980. A useful increase was also achieved in Australia.

With half-yearly earnings per 25p share ahead at 1.85p (1.74p), the interim dividend is being maintained at 0.65625p net—the final last time was 2.9855p.

Pre-tax profits for the period were struck after interest up from £2.16m to £2.77m, but included much larger associates contributions of £863,000 (£182,000).

Tax took £1.68m (£1.61m). After extraordinary debits of £422,000 (£774,000 credits) arising mainly from discontinued activities, and minorities, attributable profits were down from £1.71m to £0.58.

Dividends absorb £408,000 (£367,000).

● comment

The strategy of many overseas traders to build up their UK interests partly as a way of covering UK tax liabilities has been hurting them in the current recession. The latest victim, Mitchell Cotts, reports that its British operations, which produced 26 per cent of operating profit last year, are showing sharply lower results at the interim stage. The engineering and vehicle distribution businesses are barely breaking even. The South African subsidiary has raised its contribution by more than two-thirds to £4.5m before financing charges but most of its growth is due to the first time inclusion of Clifford Harris. The South African and Australian operations should remain strong for the rest of the year and the recent Bruda acquisition should help a little. But, after increased financing charges, pre-tax profit may be only slightly ahead of last year's £9m, while the big increase in minority charges could cut deeply into earnings per share. At 49p, up 1p yesterday, the shares yield 10.6 per cent.

Derek Crouch profits doubled to £3.04m

PRE-TAX PROFITS of Derek Crouch, the Peterborough-based mining, civil engineering and property development group, more than doubled to £3.04m for the year to end December 1980. Turnover was ahead to £65.7m compared with £51.47m the previous year.

The net final dividend is 3.42p, bringing the total for the year to 5.05p, compared with 4.5951p. Earnings per 20p share rose from 5.84p to 14.68p.

The 1980 pre-tax surplus was £1.67m up on the previous year's £1.39m. After tax of £1.75m (£1.06m) and minorities of £134,000 (£240,000), the attributable balance was £1.44m, compared with £548,000.

Commenting on the results, Mr. Derek Crouch, chairman, says the directors will continue to work to reduce the group's overall indebtedness while interest payments remain high—£2.34m last year compared with £1.61m in 1979.

In the U.S., Mr. Crouch says the group has achieved its production and sales targets in excess of 1m tons of coal but there has been a loss of $780,000 after paying bank interest of $2.5m on an average prime rate for the year in excess of 16 per cent.

The continued planned repayment of medium term loans, together with a possible reduction in prime rate, will improve the viability of the company's U.S. operations, he states.

On the group's Australian subsidiary Brambles Crouch which is seeking opencast mining contracts, Mr. Crouch says the world recession and the long-term nature of the contracts will prevent an early commencement of mining operations.

Tavener Rutledge export earnings hit by strong £

THE RISE in the value of sterling soured a significant second-half improvement in the operations of Tavener Rutledge, the Liverpool-based confectionery products group.

It reported a pre-tax loss of £87,137 for the year to end-December, 1980, compared with a loss of £139,714 in 1979, after interest payments of £222,362 (£219,980). There was no tax charge, against a credit of £71,500 last time. For the third year runing the group will not pay a dividend.

Operating profit improved from £158,000 to £170,097 last year on an unchanged turnover of £6.64m.

Mr. William H. Taverner, chairman, says the group had hoped a profitable second half would more than make up for the first-half loss of £51,000.

"But the rise in the value of sterling so damaged export profitability and volume, that it more than outweighed the significant improvement in UK operations," he adds.

Over many years the group developed an export trade which has at times accounted for nearly half of its total production.

But last year there was an operating loss on export business of £75,000 compared with a profit of £60,000 in 1979. Over the last two years, export sales have fallen from 48 per cent of total turnover to 39 per cent

In the UK, sales volume was down 4 per cent (total UK sugar confectionery sales fell 8 per cent in 1980) but with lower overheads the group turned in acceptable operating profits after two years of losses.

Total net borrowings of the group were £2.08m, a fall of £200,000 on 1979. The continued reduction of the level of borrowing remains a top priority of the group in an effort to contain interest charges.

Net current liabilities are £41,733, compared with assets of £12,968 in 1979. At the year-end, shareholders' funds stood at £1.26m (£1.35m).

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BIDS AND DEALS

Inveresk borrowings jump to £11.6m

THE BANK borrowings of Inveresk, the loss-making paper company, jumped from £6.2m to £11.6m in the 12 months to the end of December 1980. Over the same period net tangible assets fell from £19.5m to £13.8m (equivalent to 66p per share).

The sharp deterioration in the financial position of the company is revealed in the formal offer document from the U.S. forest products company, Georgia Pacific, which is making a 35p per share bid for Inveresk.

In a letter to shareholders, the Inveresk board which is recommending the offer, says it is "concerned" about the group's level of bank borrowings. In the absence of the bid, the board states that it would have had to take steps to improve Inveresk's liquidity, notwithstanding that the sale, in current depressed conditions, of investment properties or of businesses might not be in the best long-term interest of Inveresk.

The acquisition is to be effected by way of a scheme of arrangement. Aside from the cash offer Georgia Pacific, which is one of America's biggest paper companies and capitalised at around $3bn, is offering shares. For every 100 Inveresk shares it will offer 2.663 Georgia Pacific shares. On Wednesday, March 4, Georgia Pacific shares which are quoted on the New York Stock Exchange, stood at $28¾.

An extraordinary general meeting and separate class meetings of ordinary share holders and holders of first and second preference stocks are being convened for March 30.

Georgia Pacific has assured the Inveresk Board that it intended to expand and develop Inveresk's businesses as appropriate, and that the rights of Inveresk employees including their pension entitlements, will be fully safeguarded.

Mr. Tom Corrigan will remain as chairman and managing director of Inveresk. The offer document reveals that in addition to his annual salary of £42,720 Mr. Corrigan, who has a three-year contract, also receives DFls 25,000 from Inveresk (Europe) BV.

The one possible obstacle in the way of the takeover is Mr. Edward Solomon Nassar and Associates, who control 13.7 per cent of the Inveresk equity. Mr. Nassar, a Swiss-based financier, has indicated in the past that he is not happy about the Georgia Pacific bid price. Mr. Nassar is the only sizeable individual ordinary shareholder.

In its letter to shareholders, the Inveresk Board says that "having regard to the risks to Inveresk of further deterioration and of the uncertainties about the time which might elapse before profitability and the payment of dividends would be such as to result in the price of the Inveresk ordinary stock units on the Stock Exchange exceeding 35p, your Board believes that the price offered under the proposals from Georgia Pacific is fair and reasonable."

Amber Day has 73.8% of Rosgill

Announcing an increase from 27½p to 28p in its cash alternative offer for Rosgill Holdings, Amber Day reveals that it has received acceptances of its offer totalling 43.37 per cent, taking its total holding up to 73.85 per cent.

The Rosgill Board, which had previously rejected the offer—which is being made through Lawncast—now intends to accept the revised offer in respect of its 5 per cent holding and urges other holders to accept stating that "in the circumstances, shareholders would be ill-advised to remain as a minority."

Of the acceptances so far the vast majority (43.06 per cent) have opted for cash.

Glasgow Picture offer raised

The battle for Glasgow Picture House continued yesterday with County Properties and Developments increasing its offer for the fourth time after acceptances of only 7.66 per cent to its previous offers.

County has now raised its bid from £10.50 to £12 per share. This is £5.50 above the first offer by Glasgow Photo Playhouse and compares with County's first offer of £8. Glasgow Photo originally held 38 per cent of Glasgow Picture and raised its stake to 43.2 per cent through acceptances of its offer.

GREENBANK TRUST

The offer by Malton Financial Services for Greenbank Trust has been accepted in respect of 410,752 ordinary shares (51.34 per cent). The offer is now unconditional and will close at 3 pm on March 19, 1981.

Palmer Offshore forms new company in £2m deal

PALMER OFFSHORE Holdings has acquired the EAE. North Sea Services company in a deal worth some £2m.

The merger of the two private groups—to form Palmer EAE—will create one of the largest UK-based oil servicing operations involved in a comprehensive range of high technology oil and chemical projects specialising in offshore and petrochemical sectors around the world.

The company, which employs over 800 engineers, has a turnover of around £20m with profits of about £1m. London Trust, the publicly quoted investment trust group has a stake of 28 per cent in the company.

Mr. Francis Holmes, vice-president of Palmer, said yesterday he believed that the period 1982/1986 would see a boom in North Sea activity, similar to that which occurred in the years 1968/73.

The acquisition of EAE represents a reunion for Mr. Holmes who sold it to Plessey in 1975, but left the company in 1977 after a disagreement with the way the company was being run. EAE was sold by Plessey to Lingroy about six months ago and this company subsequently entered into talks with Palmer on February 10.

The company said that its plans envisage expansion in the UK, from bases in Great Yarmouth, Middlesbrough, Aberdeen and the Shetlands, and also overseas.

Currently the company operates from its own bases in Norway, Abu Dhabi, Oman, Egypt and Saudi Arabia, with additional operations elsewhere in the world.

HENDON GREEN/ BOUSTEAD

Hendon Green of Hong Kong has continued to increase its holding in Boustead, the Far East trading group. Hendon Green, a nominee company, has lifted its holding to 3.05m shares equal to 9.12 per cent. It is the second largest shareholder after Boustead Estates which has 20.66 per cent.

Granada makes Whitley offer unconditional

Granada Group has decided to make its offer for Whitley Bay Entertainments, already accepted by more than half the shareholders, fully unconditional.

It has done this by waiving the condition that a special EGM—to be held today—must pass a resolution on the ordinary shares which would have the effect of saving Granada stamp duty.

Meanwhile, Mr. and Mrs. Claude Cooper of Newcastle have bought more shares to bring their Whitley Bay stake up to 27.1 per cent.

SECURITY CENTRES BUYS HORNET ALARMS

Security Centres Holdings has acquired Hornet Alarms, a member of the National Supervisory Council for Intruder Alarms.

The aggregate consideration for the purchase is £87,000, which is being met by the issue of 36,145 ordinary shares, valued at 83p, in Security Centres and £57,000 in cash.

Hornet made a pre-tax profit of £24,945 for the year ended November 30, 1980, and net assets at that date were valued at £70,617.

BOUSTEAD BUYS LAND IN MALAYSIA

Boustead Holdings Berhad, the Malaysian plantation and trading group, is to buy a prime piece of land in Kuala Lumpur for 35m Ringgit (£6.9m).

Boustead told the Kuala Lumpur exchange it would buy the entire capital of City Centre Berhad from Ban Lee and United Securities by issuing 4.8m new shares of 50 cents each.

Boustead already owns some properties with development potential, and the purchase would give it sufficient scope to concentrate on property development in a big way.

AUTOMATED SECURITY

Agreement has been reached for Automated Security (Holdings) to purchase part of Mather and Platt's security alarm systems, including all those of Gardner Security. Maximum consideration is £450,000 subject to a reduction in respect of any shortfall of rental systems or rental income.

PARKFIELD AT £111,000 MIDWAY

Pre-tax profits of Parkfield Foundries amounted to £111,000 in the 27 weeks to November 1, 1980. Turnover was £2.25m. The pre-tax figure was struck after depreciation of £216,900 and interest charges of £105,900.

Tax took £53,000, leaving net profits of £58,000. The interim dividend is 0.35p.

The company's shares are dealt on the Unlisted Securities Market.

Negretti bid acceptances 'not enough'

THE OFFER by Western Scientific Instruments for Negretti and Zambra has been accepted by 59.72 per cent of the ordinary, 62.94 per cent of the 9 per cent preference and 60.64 per cent of the 3.5 per cent preference shares.

These totals include the shares irrevocably committed to accept beforehand which represented 45.77 per cent of the ordinary shares and 55.81 per cent of the 9 per cent preference shares. Thus valid acceptances have been received from only 13.95 per cent of the ordinary and 7.13 per cent of the 9 per cent preference shares.

Western states that it is not its intention to declare the offers unconditional until what it finds a satisfactory level of acceptances has been received. Holders who have not accepted the offer are reminded that first closing date is March 10.

SHARE STAKES

Parambe—M. S. Kaye of 939, Finchley Road, London, NW1, acquired a further 54,000 shares. Total holding now 505,000 shares (13.5 per cent).

Hammerson Property & Investment Trust—Bank of Scotland 1976 staff pension scheme holds 750,000 shares (7.125 per cent).

Arthur Bell and Sons: Bank of Scotland Central Nominees has disposed of 250,000 shares, leaving holding 4,606,353 shares (9.91 per cent).

Rowton Hotels: Globe Investment Trust sold 200,000 shares on February 20 leaving holding nil. Gresham House Estate Company, with subsidiary Security Change, is interested in 381,500 shares (10.069 per cent).

Marshalls Halifax: Norwich Union Life Assurance Society and Norwich Union Fire Insurance Society hold 706,862 shares (5.23 per cent).

Bertam Consolidated Rubber Company: Johore State Economic Development Corporation of Tingkat 9, Komplek Tun Abdul Razak Jalan Wong Ah Fook, P.O. Box 307, Johore Bahru, Johore, Malaysia, holds 2,290,000 shares (11.45 per cent).

Glanfield Lawrence: London Assurance Nominees hold 135,000 "B" ordinary shares. They act as nominees for Alliance Assurance Company whicihi, ini turn, acts as trustee for Lloyds Bank Smaller Companieisi and Recovery Unit Trust.

UDS Group: Mr. Stuart Lyons and Mr. Robert Lyons, directors, on February 26 each acquired 100,000 ordinary at 76p.

Stroud Riley Drummond: Mr. R. M. Stroud, managing director, acquired 45,713 ordinary shares from the family of a deceased former director.

Uniflex: Referring to disposal of 105,000 shares by Mr. D. B. Thompson to Hillsdown Holdings. This should have read 80,000 shares. Company announces that Hillsdown has acquired a further 5,969 ordinary.

Transparent Paper: Okhai of Rockwell Works, Dundee, acquired 400,000 shares (5.5 per cent).

M and G Second Dual Trust: Merchant Navy Officers Pension Fund Trustees are beneficial owners of 1,665,000 capital shares.

Chambers and Fargus: H. M. Ross has reduced his holding by 170,000 shares to 160,000 shares (4.5 per cent).

LONDON TRADED OPTIONS

(Mar. 5 Total contracts 439)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	34	10	54	1	70	—	414p
BP	420	16	25	38	—	54	—	"
BP	460	7	1	22	1	—	—	"
BP	500	1½	17	12	—	—	—	"
Com. Union	180	1	—	4	45	—	—	157p
Cons. Gold	460	12	—	23	2	35	—	423p
Cons. Gold	550	—	—	5	38	10	1	"
Courtaulds	50	14	20	15	20	17	—	63p
Courtaulds	60	5	—	8	—	10	5	"
Courtaulds	70	2	—	3½	12	5	7	"
GEC	550	103	2	125	—	140	—	646p
GEC	600	56	3	87	—	105	—	"
GEC	650	25	1	52	1	73	—	"
Grand Met.	160	27	2	33	—	37	—	182p
Grand Met.	180	10	—	16½	15	20	—	"
ICI	240	24	4	38	—	48	—	252p
ICI	260	11	8	28	1	38	—	"
ICI	280	6	—	16	1	28	1	"
ICI	300	2½	5	10	1	19	29	"
ICI	330	1	48	4	—	—	—	"
Land Sec.	390	23	—	35	1	47	—	400p
Marks & Sp.	120	7	10	13	—	18	—	123p
Shell	420	22	2	34	—	46	—	420p
Shell	500	2	5	8	—	—	—	"
Shell	550	¼	24	3	—	—	—	"
Totals			187		139		43	
		May		August		November		
Barclays B'k	390	33	10	48	—	60	—	408p
Barclays B'k	420	18	11	32	1	42	—	"
Imperial Gp.	70	8½	2	10½	—	12½	—	75p
Lasmo	750	15	3	40	—	—	—	649p
Lonrho	100	8	10	11	5	13	—	99p
Lonrho	110	3½	4	7	8	9	5	"
P. & O.	120	12½	1	16	—	20	—	127p
Racal Elec.	350	25	5	39	2	53	—	359p
Racal Elec.	390	8	—	20	2	39	—	"
RTZ	414	25	1	4	—	—	—	421p
Totals			47		18		5	

APPOINTMENTS

Charterhouse Japhet posts

CHARTERHOUSE JAPHET has made the following appointments: Mr. W. J. Haymes to be chairman of Charterhouse Japhet Credit and Mr. B. C. Johnston becomes chairman of Charterhouse Japhet (Jersey). Mr. J. H. Sleeman is now chairman of Charterhouse Japhet Bank and Trust International, a subsidiary in Nassau.

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Following the acquisition of UNITED DOMINIONS TRUST by the TSB Group, Sir John Read, chairman of the TSB Group, has succeeded Mr. L. C. Mather, who has resigned from that position. Mr. A. C. Richards, managing director of UDT, becomes chief executive and will join the board of TSB Holdings. He has also been appointed chairman of UDT Industries.

Mr. P. F. Clark and Mr. N. C. Eastwood remain on the board of UDT. The other directors, Mr. E. P. Hatchett, Mr. H. S. Clarke, Mr. P. E. Moody, Mr. A. R. N. Ratcliff and Lord Remnant, have resigned. Mr. T. Bryans, chief general manager of the TSB Group, and Mr. D. B. Thorn, deputy chief general manager, have joined the UTD board.

Sir John has also replaced Mr. Mather as chairman of International Commodities Clearing House.

★

BOVIS CONSTRUCTION has made changes in the responsibility for two of its main board directors. Mr. Tony Farmer is appointed head of the company's operations and Mr. Bernard Hodgson will control the company's sales, marketing and public relations.

★

Mr. Melville Johnston, chief executive of Halfords Group, joins W. H. SMITH AND SON LIMITED on May 5 as retail director, retail operations. The position will not be as a member of that company's board.

★

Sir James Spooner has been elected to the board of J. SAINSBURY as a non-executive director and he is the first non-executive director to be appointed from outside the company. Mr. Timothy Sainsbury, currently the only other non-executive director, relinquished his executive directorship after becoming an MP.

★

Miss Barbara Beck is to become secretary general of the ANGLO-GERMAN FOUNDATION FOR THE STUDY OF INDUSTRIAL SOCIETY on May 1. She succeeds Mr. Peter McGregor, who has joined the National Economic Development Office as industrial director.

★

Mr. Derek C. Denyer is to become managing director of BUTTERWORTH SYSTEMS (UK) and a vice-president of Butterworth Systems Inc. from April 1. Mr. W. L. Nelson retires as managing director of the UK concern on that date.

MINING NEWS

Precious metals lift Gencor profits

BY GEORGE MILLING-STANLEY

A SHARP increase in the contribution from precious metals has boosted 1980 profits of South Africa's Gencor group, the country's second largest mining company behind Anglo American Corporation.

The group arose out of the takeover by the Afrikaner mining house General Mining of the former Union Corporation, which became effective on March 26 of last year. With 1979 results re-stated to include the whole of Unicorp's figures, Gencor's net profits rose in 1980 by 76 per cent to R269.7m (£155m).

Earnings per share came out at 343 cents compared with 196 cents in 1979, and the final dividend is to be raised to 100 cents, making a total for the year of 150 cents against 100 cents last time.

The results compare very favourably with Gencor's expectations at the half-way stage of the year, when earnings of some 322 cents and a final dividend of around 95 cents were predicted.

The directors were prepared to say very little at this stage about prospects for the current year, noting that the marked fluctuations in the gold price made it impossible to forecast a realistic average for the rest of the year. With that reservation, they said that they expect the bullion price to vary between $450 and $600 an ounce.

Gencor did say that "under normal conditions and at an average gold price of $500, the future holds prospects of reasonable growth." The group's annual report, due later this month, should have more to impart on the outlook.

With an average gold price during 1980 of $614 an ounce, compared with just $309 in 1979, it is not surprising that Gencor's income from gold investments rose by 164 per cent to R116.8m, while income from platinum was 148 per cent higher at R33.5m.

Gold and uranium accounted for 41.2 per cent of net profits, with platinum responsible for a further 11.8 per cent.

The group's coal interests increased their contribution by 183 per cent to R13.8m, and in marked contrast to the results of Consolidated Gold Fields, announced a day earlier, the industrial interests also put up a strong performance.

With the advantage of being based in South Africa, which was experiencing something of a boom last year, Gencor's commerce and industry division lifted its contribution to profits by 62 per cent to R78.3m.

The group's net asset value per share showed an increase of 42 per cent to 3,035 cents, against 2,135 cents in 1979.

Gencor's shares fell 25p to 775p in London yesterday in advance of the figures.

	1980 Rm.	1979 Rm.
Turnover	2,113.6	1,255.8
Operating income	292.7	182.6
Income from invest.	165.8	76.3
Surplus on real. of invest.	-29.8	14.1
Making	488.3	272.0
Interest paid	49.4	40.8
Expl. and Dev. costs	13.9	11.0
Prov. against invest.	16.6	2.3
Income before tax	408.4	217.9
Taxation	71.7	37.7
Income after tax	334.7	180.2
Outside holders and Pref. Divs.	65.1	81.7
Attributable	269.7	98.5
Interim Div. 50 cents (25)	39.2	10.2
Final Div. 100 cents (75)	78.6	31.1
Retained	151.9	57.2

Emirex to apply for Rule 163 listing

AN OIL geologist and a private investment company have formed a new British-based oil exploration company to invest in oil and gas exploration in the Middle East. The new company, Emirex Petroleum, will concentrate its activities in the Gulf States.

Emirex was formed by Mr. Ken Fellowes, managing director of the new company, and the private investment company Emslie Limited. Mr. Fellowes is an oil geologist with considerable exploration experience in the Gulf area.

Mr. Fellowes secured a 1.5 per cent net profit interest in an onshore seismic option/concession in the Emirate of Umm al Qaiwain by carrying out negotiations and providing geological information on the concession. The 1.5 per cent interest has been transferred to Emirex in exchange for a 50 per cent interest in the new company.

The Umm al Qaiwain concession is located 7 km from the condensate/gas discovery made by Amoco in the Emirate of Sharjah. The Amoco find flowed condensate at the rate of 4,560 barrels a day and gas at 50m cubic feet a day.

Emslie Limited, a major shareholder in KCA International, has injected US$2m into Emirex, which has an authorised share capital of £4m.

Emirex is currently negotiating to acquire other oil and gas concessions and farm-ins in the Emirates, and is planning to raise additional funds to finance these acquisitions.

It is intended that application will be made to the London Stock Exchange for dealings in the shares of Emirex to take place under Rule 163.

Sir Kennedy Trevaskis is chairman of Emirex. Other directors are Mr. William Richardson, Mr. Paul Bristol, chairman of KCA International and Mr. David Watson.

Emirex will undertake much of its exploration in conjunction with KCA, who will provide drilling and general technical services.

Boliden finds gold in Sweden

THE SWEDISH metals and chemicals group Boliden has discovered a complex sulphide orebody with a high gold content in northern Sweden. The company said that the new discovery was "as important as the recent silver find at Garpenberg."

The Garpenberg discovery was announced last November, and Boliden said at the time that the deposit contained at least 5m tonnes of ore grading around 200 grammes of silver per tonne, reports Victor Kayfetz from Stockholm.

Details of the size of the orebody and the gold grade are not expected for some time, possibly up to a year, but Boliden indicated that the gold content was "much higher" than at its Enaasen prospect.

The Enaasen deposit, which has been known since the 1950s but only became attractive last year with the sharp rise in the price of gold, is estimated to contain somewhere between 1m and 2m tonnes of ore, grading around 5 or 6 grammes of gold per tonne.

Boliden's latest discovery is at Holmtjaern, some 30 miles west of the village of Boliden. The ore also contains silver, copper and zinc.

The company currently produces about 180 tonnes of silver and 3.7 tonnes of gold a year from its own mines, as well as additional quantities from other sources.

RTZ deepens shaft at Wheal Jane

THE Rio Tinto-Zinc group's wholly-owned subsidiary Carnon Consolidated Tin is to deepen the Clemows shaft at its Wheal Jane tin mine near Truro in Cornwall from the present bottom on 13 level (1,300 ft below ground) to 15 level (1,500 ft below ground). The crushing station, at present on the nine level, will be relocated on 13 level.

The work, which will cost approximately £2.8m, will be carried out by Thyssens (Great Britain) and is expected to take some 18 months.

The programme, to commence immediately, will give access to the ore reserves totalling some 750,000 between nine and 11 levels, currently being developed, as well as allowing development on 13 level to begin.

RTZ acquired Wheal Jane and the adjacent Mount Wellington mine in 1979. The two mines were brought to production in mid-1980 and achieved rated capacity towards the end of the year.

Wheal Jane has a milling capacity of 290,000 tonnes of ore per year.

Allied Eneabba in profit

The Western Australian beach sand minerals producer Allied Eneabba, a subsidiary of Du Pont of the U.S., recorded its first-ever profit in the year to January 6.

Net profits were A$3.03m (£1.57m), compared with a loss of A$1.19m for the previous accounting period, which was just 28 weeks long owing to a change in the company's financial year. No dividend is to be paid.

There was no tax charge for the year, as the company still has accumulated losses of A$14.36m available for offset.

Allied Eneabba attributed the good result to improved prices and a strong marketing effort made during the year, which resulted in the sale of the whole year's production of ilmenite, rutile, zircon and monazite and the elimination of accumulated stocks of zircon.

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Ford borrows $1.2bn from UK and German offshoots

BY PAUL BETTS IN NEW YORK

FORD MOTOR COMPANY has borrowed more than $1.2bn from its British and West German subsidiaries to finance its troubled U.S. operations and pay back about $900m of accumulated U.S. bank debts.

Ford said yesterday it had borrowed more than $800m from its British subsidiary and a further $400m from its West German company. These sizeable borrowings are largely designed to reduce the company's dependence on U.S. bank borrowing at a time when the second largest U.S. car manufacturer is again squeezed for cash to finance its U.S. operations.

Over the next five years, Ford is planning to spend about £4bn a year on redesigning products and of this total about 60 per cent will be spent in North America.

By borowing from its European subsidiaries, Ford will be able to reduce its borrowing costs. The company has had to pay substantial interest charges on the $900m it has borrowed from U.S. banks because of the high level of the U.S. prime rate. Its loans from West Germany and Britain will carry slightly lower interest charges as they are pegged to the London inter-bank rate, which is lower than the prevailing U.S. prime.

For its part, Chrysler is now attempting to set up a $300m cash reserve from its own operations to be used as a cushion against any unfavourable developments in the car market this year. Indeed, Chrysler was pressed by the Fetderal Loan Guarantee Board, which recently granted the troubled car group an additional $400m in federally guaranteed funds, to create such an emergency reserve.

Mr. Lee Iacocca, Chrysler's chairman, has indicated that the company hoped to raise these funds by the sale of some assets and tighter controls on inventories. But the company is expected to find it difficult to raise these funds for its special reserve, as it has done in the past in its efforts to find additional cash sources from its operations.

The current problems of the U.S. car industry were also further reflected by the decision of the U.S. Federal Trade Commission to end its five year old anti-trust investigation in the U.S. motor industry. The FTC said that in view of the industry's slump, its own budget priorities and the time it would take to complete the investigation, the action had, to all intents, become "unpractical."

Meanwhile, General Motors, reported that it had a $559.3m loss in Europe last year compared with a profit of $338.2m in 1979. The company, which reported a loss of $763m last year, said that it suffered only minimal losses in the U.S. totalling $71.9m last year. In 1979, GM earned $2.32bn in the U.S.

Cii takes 10% stake in Amdahl Computer

By Terry Dodsworth in Paris

CII-Honeywell Bull, the French computer group, has taken a minority stake in Amdahl Computer Systems (ACSYS) of the U.S.

The acquisition, believed to have cost about $10m, makes the French concern one of the main outside investors in ACSYS, a company created by Mr. Gene Amdahl, former chairman of Amdahl Corporation.

The deal gives Cii a licence to use the ACSYS technology, and will almost certainly be followed in the longer-term by the construction of a manufacturing unit under the French company's control in Europe.

Mr. Amdahl, who built his original company on the basis of products which were compatible with IBM machines, is now working on new equipment for large-scale computers. The first prototype from this programme are expected to be ready in about two years.

Cii's interest in this technology arises partly from supply difficulties it experienced last year for the specialised circuits which form the core of large computers.

Following the Government-backed development of the French microchip manufacturing industry, supplies of standardised components are expected to become easier in the near future. But the company said yesterday that it was still vulnerable in the area of specialised electronic circuits, which it currently buys in the U.S., Europe and Japan.

Cii said yesterday that the agreement would in no way affect its relationship with Honeywell Information Systems, the American group which has a 49 per cent stake in the French concern.

Two oil refiners attack French pricing system

BY OUR PARIS STAFF

TWO OF France's leading oil refinery companies, Total and Shell Francaise, accused the Government yesterday of maintaining a controlled pricing system which was seriously undermining their finances.

Presenting its results for 1980, Compagnie Francaise de Raffinage, the refinery division of the Total group, said it had suffered heavily from the increases in the cost of its supplies caused by crude oil price increases, the rise in the dollar and the escalating cost of transport.

These extra costs had only been recovered after long delays, leading to a sharp fall in net profits from FFr 187m ($37.4m) to FFr 96.7m in 1980.

CFR's overall tonnage sales dropped by 5.2 per cent last year from 30.6m tonnes to 29m tonnes, a slightly lower rate of decline than the average for the industry. The value of sales, however, went up by almost 45 per cent from FFr 24.7m to FFr 35.8m.

The company's figures show a substantial rise in investment to FFr 1.3bn from FFr 607m. But cash-flow fell to FFr 2.3bn from FFr 3.2bn although, as CFR points out, the cost of rebuilding its stocks was rising all the time.

Shell Francaise, suffering from difficulties because of the war betwen Ieran and Iraq, two of its main suppliers, saw its sales drop to 16.9m tonnes compared with 19.4m tonnes in 1979.

Despite this decline in sales, the company said last night that it had been forced to increase its borrowings last year by FFr 1.3bn to finance its necessary investments and its stocks, even though these were reduced.

"It must be hoped that the Government will either apply prices which reflect real market conditions, or abandon price controls," Shell added.

Although the French Government has repeatedly expressed its aim of establishing market prices in the energy industry, this is one of the few sectors where controls still exist following the widespread abandonment of the Government-organised pricing system in the last two years.

Canadian Imperial Bank shows big gain

By Our Montreal Correspondent

CANADA'S second largest chartered bank, Candian Imperial Bank of Commerce reports balance of revenue after taxes was C$77.8m (U.S.$65m) or C$1.96 per share, in the first quarter ended January 31 against C$46m or C$1.17 per share a year earlier, on revenues C$1.8bn against C$4bn. Assets at January 31 were C$58.9bn against C$47.7bn.

The improvement came entirely in domestic operations, reflecting better interest margins, better asset liability mangement and control of expenses. However, the strength in domestic earnings may not be representative of the whole year.

A C$400m (US$333m) public stock offer by Dome Canada, the new exploration subsidiary of Dome Petroleum should go ahead after March 19. The issue is expected to be oversubscribed by Canadian residents, and the stock will have to be allocated.

About 52 per cent of the shares being issued will be offered to the Canadian public, and Dome Petroleum will subscribed to the balance at the same price. The issue is being made to increase Canadian ownership in Dome's exploration and development activities on Canadian federal lands, particularly the Beaufort Sea, and to qualify for full incentive grants under the federal Government's National Energy Program.

Zellers accepts Hudsons Bay

BY ROBERT GIBBENS IN MONTREAL

DIRECTORS OF Zeller's, the Canadian retailer, are now recommending public shareholders to accept a bid of C$18 per share from Hudson's Bay Company for the 38 per cent of the shares it does not already own. The offer, worth around C$100m (U.S.$83m) closes on March 26

The offer for Zeller's stock had been increased because of opposition from some members of the Zeller's board.

The Hudson's Bay offer document also said that its earnings per share for the last quarter of 1980 would be slightly ahead of a year earlier. Earnings for the full year, however, would probably be about 25 per cent below the C$2.98 per share of 1979.

Zeller's, meanwhile, has reported a modest increase in net earnings for the year to January 31. Profit was C$21.84m against C$19.08m, on sales ahead from C$735.2m to C$885.1m. Earnings per share were C$1.65 compared with C$1.45. The latest year is for 53 weeks against 52 weeks and the 1979-80 result excludes a 2 cents a share extraordinary gain.

Fraser, the pulp and paper producer controlled by Noranda Mines, earned C$29.3m, or C$4.19 a share in 1980, against C$27.5m or C$3.91 in 1979. Sales were C$362m compared wiht C$321m.

National Semiconductor sees downturn

By Our New York Staff

NATIONAL SEMICONDUCTOR, the Californian electronics concern, said yesterday it expected to report lower earnings in its latest quarterly period compared with the year before because of the continuing slack demand in the semiconductor market and pressure on pricing.

The company said earnings in its third quarter of fiscal 1981 would be "well below" the $12.4m reported in the third quarter of fiscal 1980 on sales of $230m.

The company said semi-conductor component volume was down from the levels of the first two quarters

Peru rejects refinancing and will repay $360m

BY DAVID LASCELLES IN NEW YORK

PERU HAS told bankers that it intends to repay in full the $360m it owes them instead of seeking a repackaging of a large part of its debts into a medium-term credit as was originally planned.

This emerged after a meeting in New York between Mr. Brian Jensen, general manager of the Banco Central de Reserva del Peru, and the bank steering committee headed by Manufacturers Hanover.

The repayment of the $360m will take place on April 3, and is designed to emphasise to the international banking community the progress which Peru has made in the past six months. As a result, Peru hopes to obtain more favourable credit conditions to finance the various development projects which it has put before the international banking community.

The economic programme underlying Peru's new stance was formulated by the newly elected Government and its economic team.

Many potential credits for Peru were put on ice last month pending discussions of the reorganisation of part of its two-year-old debt, restructuring package.

Mastercard plans to launch 'affluent' card

BY ALAN FRIEDMAN AND MICHAEL LAFFERTY IN MONTE CARLO

MASTERCARD International, the worldwide retail banking systems organisation, yesterday revealed plans to launch a new international travel and entertainment card designed for higher-income bank customers. It would be similar to the American Express Gold Card, which has already been launched in the U.S. and in Britain.

The new Mastercard, which is to be introduced in the U.S., UK and in Continental Europe by July this year, will be available to Mastercard member banks' customers with annual incomes of more than $30,000. It will also carry an automatic overdraft facility of at least $5,000.

The new "affluent" card would probably be marketed in the UK through the Joint Credit Card Company, which is controlled by the National Westminster, Midland and Lloyds banks, and already runs the Access credit card.

The Mastercard announcement was one of several new developments which emerged here yesterday at the World Retail Banking Convention, organised by the European Financial Marketing Association.

The day also brought a strong declaration of policy from Dr. Eckart van Hooven, the Deutsche Bank executive speaking on behalf of the European group of bank payments systems. He demanded that the Mastercard group should join the Europeans in a series of "joint ventures negotiated on an equal basis." Dr. van Hooven made it clear that the European payment system group—which includes the Eurocheque guarantee card, the Eurocard travel and entertainment card and the proposed European travellers cheque—was no longer prepared to accept regional status

Referring to proposals for joint ventures between Mastercard and European banks, he said: "We must have a framework which precludes any domination. The Europeans must retain control of their own market."

This and similar comments from the man who has long campaigned against excessive U.S. influence in the European personal banking market, left some bankers with the distinct impression that Dr. van Hooven's medium-term objective is to establish a European based global retail banking network.

Dr. van Hooven's aggressive stance confirmed earlier reports that the conflict between U.S. and European bankers was based on the latter's willingness to "stand alone" if necessary.

Despite the U.S./European rivalry it seems possible that agreement will be reached on a joint venture between Mastercard and Eurocard before the launch of Mastercard's own "affluent" card. Mr. Russell Hogg, chief executive of Mastercard, said yesterday: "I am very confident that we will do a joint venture with Eurocard." Dr. van Hooven agreed that "there is a good chance" of a deal on this product.

Although both Mr. Hogg and Dr. van Hooven attacked Visa, the other major international payments systems group, Mr. Dee Hock, president of Visa delivered a confident address in which he sought to remain above the fray.

His one response to European criticism of Visa was his comment that "one must be drunk with banking power to think that electronic systems will not prevail."

DM 200m bond offering from EIB

By Francis Ghilès

A DM 200m bond to 1991 was launched yesterday for the European Investment Bank by Deutsche Bank. The borrower is paying a coupon of 10¼ per cent and the issue has been priced at par.

This marks a new high in coupons offered on D-Mark foreign bonds, and the issue attracted considerable foreign interest, according to the lead manager.

The terms of the new issue also put pressure on the two D-Mark foreign bond issues launched in this sector last month, the 10 per cent bond to 1991 for the ECSC and the bond for the Asian Development Bank which carried the same terms. These two issues fell by about ½ point to 99½ and 98½ respectively. Prices were otherwise down by about ½ point.

Dollar denominated bonds were mixed yesterday and dealers described the market as "trendless" though some houses reported a little investor interest at the shorter end.

In Switzerland, rising interest rates—the six-month rate moved up by ¼ per cent to 9 7/16 per cent—pushed seasoned bond prices down by ¼ point on the day in thin trading.

Eurobond underwriting criticised

By Our Euromarkets Staff

AN UNUSAL attack on underwriting practices in the Eurobond market is made in the annual report of the European Banking Company (EBC) which reported a 26 per cent increase in pre-tax profits for 1980 to $2.77m.

"The most difficult business sector for EBC in 1980 was unquestionably the securities field," writes the bank's chairman, Mr. P. E. Janssen. The profitability of Eurobond activity was subject to pressure from high U.S. interest rates.

But "a large number of new issues were contracted on the basis of fixed conditions prior to actual distribution and in many cases these conditions did not correspond to yield levels for outstanding securities at the time of issue, creating underwriting losses for syndicates." Such criticisms are made daily in the Eurobond markets but not often voiced publicly.

The appreciation of sterling against the U.S. dollar had a negative effect on the bank's earnings, the bulk of which are in dollars. Profits after tax declined by 4.2 per cent to $1.517m.

The increase in tax charge over the previous year is the result of a lower level of leasing commitments.

The increase in profits is due essentially to higher revenues from foreign exchange and money dealing operations, an increase in fee income from corporate finance services and from higher interest on capital.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday, March 11.

Closing prices on March 5

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	94½	95	−0⅝	+0¼	14.48
CECA 11½ 88	100	87⅛	87⅞	0	−0⅝	14.34
CNE 12¾ 91	100	90⅞	91⅜	+0⅛	0	14.48
Citicorp O/S Fin. 10 88	300	84⅞	85⅜	0	0	14.12
Citicorp O/S Fin. 12 87	200	90⅝	91⅛	+0¼	+0⅛	14.17
Con. Illinois O/S 9¾ 86	150	83⅛	83⅝	+0⅛	0	14.39
Denmark 11¾ 90	100	84⅞	85⅝	0	−0¼	14.77
Dupont Canada 13½ 91	65	95	95½	0	+0⅛	14.42
EEC 11 95 (May)	75	79⅛	79⅞	−0⅛	−0⅞	14.43
EEC 11 85 (August)	70	77½	78¼	−0⅛	−0⅝	14.70
EIB 13¾ 90	100	95¾	96⅛	−0⅛	−0⅜	14.54
Eksportfinans 9½ 87	75	81⅝	82⅛	0	0	13.94
Elec. de France 10 88	125	81½	82	+0⅛	−0⅛	14.12
Elec. de France 13 88	125	93⅞	94⅜	0	−0⅛	14.38
Export Dv. Cpn. 12¾ 87	100	93½	94	−0⅛	+0⅛	14.30
Export Dv. Cpn. 9½ 86	150	83⅜	83⅞	+0⅛	−0¼	14.39
Fin. Exp. Credit 10½ 85	50	86⅞	87⅜	−0⅛	−0⅛	14.88
[illegible]						

	Issued	Bid	Offer	Change on day	Change on week	Yield
M. Bk. Dnmk. 9 91 EUA	25	89½	90½	0	0	10.57
SOFTE 8¾ '89 EUA	40	86	87	0	−0⅛	10.83
U. Bk. Nrwy. 9½ 90 EUA	18	96¾	98	0	−0¼	9.95
Algemene Bk. 10¼ 86 Fl	60	95½	96	−0⅛	−1	11.41
Bk. Mees & H. 10 85 Fl	75	97	97½	−0⅛	−1⅛	10.78
Heineken NV 10 87 Fl	100	94⅝	95⅛	−0⅛	−0⅛	11.14
Nat. Nedrlndn. 10 88 Fl	60	93⅜	93⅞	−0⅝	+0⅛	11.37
Ned. Midd. Bk. 10 85 Fl	75	97¾	98¼	−0⅛	−0⅛	10.54
Pierson 10¼ 86 Fl	50	97⅜	97⅞	+0⅛	+0⅛	10.89
Aero Paris 13¾ 87 FFr	150	93⅞	94⅜	+0⅛	−1⅛	14.66
Charb'nages 13⅞ 85 FFr	400	97⅜	98⅜	+0⅛	+0⅛	14.47
CECA 14⅛ 86 FFr	150	97⅜	98⅜	0	+0⅛	14.78
EIB 14⅛ 88 FFr	300	97⅝	98⅝	+0⅛	−0⅝	14.55
Finland 11 84 FFr	80	88⅜	89⅜	−0⅛	−0½	15.00
Gaz de France 11 84 FFr	150	90⅝	91⅝	0	−0⅛	14.37
La Redoute 14⅛ 85 FFr	125	94½	95½	0	−0¼	16.01
OKB 14 86 FFr	400	97⅜	98⅜	+0⅛	−1	14.66
Utd. Mex. Sts. 14 85 FFr	150	96⅝	97⅝	0	−0½	15.07
Acona 14 85 £	20	94¾	95¾	+0½	−0⅛	15.51
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						
[illegible] 95	11/80	565	130⅝	131⅞	−0⅞	3.73
[illegible]t. Fin. 9 95	12/80	23.25	†86½	88	0	65.60
[illegible] El. 7½ 95	11/80	580	101	102	0	6.28
[illegible] 96	2/81	2.47	98½	99½	−0¼	12.88
[illegible]g. 7½ 96	1/81	327	100¾	101¾	−0½	4.71
[illegible]ai Co. 8 96	10/80	398	91⅛	92⅛	−0½	−2.07
[illegible] 95	8/80	804	113¼	114¼	−0⅛	0.12
[illegible] M. Ind. 7 95	2/81	181	110⅝	111⅝	0	4.36
[illegible] Cpn. 6¾ 90	9/80	200	84	86	0	15.67
[illegible]oodrow 8½ 90	1/81	4.94	96	97	+0⅛	4.22
[illegible]nt. 8⅜ 95	2/81	68	87	88½	−0¼	26.96
[illegible] 95	12/80	31.25	90⅝	92	−1⅞	7.75
[illegible] Switz. 5 89	2/80	121.4	82½	84½	−0¼	−14.77
[illegible] 84 DM	7/79	431.5	128⅛	129⅛	−2⅞	−0.28
[illegible]n. 6½ 88 DM	9/80	596	144	144¾	+0⅛	−1.84
[illegible] 85 DM	11/79	967.3	107½	108¾	+0¼	13.75

* No information available—previous day's price.
† Only one market maker supplied a price.
Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.
Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.
Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Terry Dodsworth reports on attempts by Peugeot and Motobecane to recapture their home market

France attacks Japan's motorcycle muscle

AMID ALL its current financial troubles, Peugeot, the French car multinational, is launching a frontal assault on the Japanese motorcycle companies in Europe.

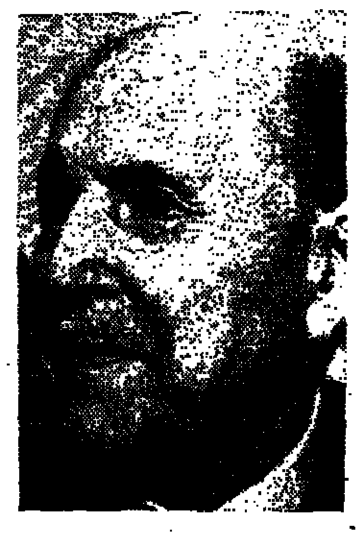
The group has set itself an ambitious objective. By 1985, it wants to have captured about 25 per cent of the French market for light machines of under 125 cc, a market which Peugeot reckons will have grown by that time to about 100,000 units a year. Some FFr 60m ($12.2m) has already been injected into its cycles Peugeot subsidiary to develop the necessary new models.

Peugeot, however, is not the only French company to have been lured by the tantalising dream of beating the Japanese in a business they have made virtually their own. The moped company, Motobecane, fresh from its financial recovery after years of faltering results, is also set on reconquering the motorcycle market in which it once had a big stake in France.

This dual assertion of French growth ambitions in an industry already crammed with powerful competitors is a risky gamble at a time when both groups are going through an uncertain patch in their traditional sphere of operations. But the two companies have been inspired by a mixture of arguments — the belief in French technical expertise, the calculation that the market is likely to grow rapidly and an underlying feeling that someone ought to take on the Japanese.

The long-term strategy of the two groups is also very similar. Both have strong engineering resources which can be applied to the motor-cycle industry. Cycles Peugeot is the largest producer of mopeds in France, with a production in 1979 of 408,000 units. It is also the country's leading bicycle manufacturer, making 730,000 units in 1979. Motobecane ranks next, with 340,000 mopeds and 530,000 bicycles.

Behind Peugeot lies the enormous motor manufacturing group, while Motobecane is now being influenced by the growing interest in the company of M. Marcel Dassault, the legendary octogenarian aircraft designer.



The men behind the French motorcycle gamble (such as M. Marcel Dassault, left) have been inspired by a number of factors, not least a belief in French technical expertise and estimates that the market is likely to grow rapidly

M. Dassault's arrival in the company, signalled by buying Renault's 18 per cent shareholding, coincided with the turnround from substantial losses to a FFr 20m profit in the first half of last year. But the main significance of his move, made through his design company, Societe Centrale d'Etudes Marcel Dassault, is that it links Motobecane to a business which has a high level of technical know-how, led by a man with a declared enthusiasm for reorganising the motor-cycle sector in France.

Both Cycles Peugeot and Motobecane also have access to established distribution networks for their mopeds onto which they can graft the motorcycles. According to M. Bertrand Peugeot, chairman of Cycles Peugeot, the proximity of the factories to the company's dense dealership organisation should gave it a significant edge against the Japanese in the spare parts business. This advantage, he hopes, will help overcome higher prices for the motorcycles themselves, which will probably cost about 10 per cent more than imports.

Finally, each of the French companies is aiming to establish co-operative agreements within Europe as a way of reducing both design and manufacturing overheads. This policy recently led Peugeot into an agreement with Piaggio, an Italian company controlled by Agnelli family interests, which makes the Vespa and the Gilera models. The first common machine to come from this link, a 125 cc motorcycle using a Peugeot frame and a Gilera engine, was presented late last year.

While no financial links have been established between the two concerns, they are collaborating in the medium term by making parts freely available to each other. In the longer term, they aim to co-operate in the design and manufacture of mechanical parts with a view to "the development and modernisation of the two ranges."

Motobecane signed a similar deal at about the same time as Cycles Peugeot with Derbi of Spain. A joint machine has already been produced, and the two concerns are now examining stronger long-term collaboration.

The big question facing the French companies now is whether they have read the market signs correctly. As in other West European countries, French motorcycle sales hit a high in the mid-1950s (180,000 machines of over 50cc) but then fell sharply to only a little over 10,000 at the end of the 1960s.

In the 1970s, however, registrations climbed back again to reach 136,000 units last year, of which about two thirds were in the market for machines of between 80cc and 125cc. Both the French companies believe that this market for light, commuter-type machines will grow, and it is here that they will concentrate their efforts.

Indeed, their policies are so similar that some commentators believe they may look for closer links, based on the 17 per cent shareholding which Peugeot has held in Motobecane for several years.

Asked about these prospects recently, M. Bertrand Peugeot, a fervent advocate of industrial collaboration, said it was too early to talk of firm links. But the presence in France of two national manufacturers was, he admitted, "not very sensible."

French steel merger planned

By Our Financial Staff

THE FIRST stage of the French government's plan to restructure the special steel industry has been completed and details are expected to be released in the next few days.

Usinor and Creusot-Loire are expected to merge their special steel activities which would be taken over by a joint subsidiary. Usinor is expected to take a controlling interest of about 75 per cent in the new company.

How much the French government is willing to contribute in order to refloat the industry, is not yet known, although estimates have ranged as high as FFr 300m ($60m).

Shell-Francaise in the red

By Our Financial Staff

SHELL-FRANCAISE, a unit of the Royal Dutch-Shell group had a loss of FFr 1.16bn ($318m) last year compared with net earnings of FFr 96m in 1979. The company will again not pay a dividend.

The company blames the loss to the government's policy of controlling prices and the fact that it had been deprived of Iranian and Iraqi crude, its traditional suppliers. Shell-Francaise sold 16.9m tons of finished products last year, down from 19.4m in 1979.

The company increased its debt by FFr 1.3bn, bringing the total borrowings to the "maximum tolerable." The additional debt will add FFr 200m to annual financial charges.

NordLB to sell Rollei shares

BY ROGER BOYES IN BONN

WEST GERMANY'S Photo-Porst camera dealing chain has struck a deal with Uorddeutsche Landesbank involving the takeover of the troubled Brunswick-based Rollei camera company and the purchase of a large stake in Rollei of Singapore.

The acquisition of Norddeutsche Landesbank's 97 per cent shareholding in Rollei—a famous name in the German camera world—is to be carried out through Deutsche Fotoholding, in which Porst has a substantial, unspecified stake.

Fotoholding also has an option, to be realised between 1982 and 1986, to buy NordLB's 75 per cent stake in Rollei of Singapore. The remaining 25 per cent of the Rollei of Singapore is held by the Development Bank of Singapore.

Photo-Porst and Rollei of Brunswick are both understood to be in financially troubled straits at present. It is believed that Porst will return a loss of some DM 2m (£900,000) for 1980 and Rollei, which has been a thorn in the side of NordLB ever since it tried to rescue the camera concern some six years ago, is expected to register a loss of about DM 20m.

This has given rise to the belief in German camera circles that Porst may actually be acting on behalf of some other more profitable camera dealing concern. Other shareholders in Fotoholding have not been revealed. For its part Agfa-Gaevert has denied that it has any interest in Rollei.

NordLB's holding is valued in its own accounts at DM 30m and this could be expected to be the approximate purchase price of the bank's stake. However, Fotoholding is not expected to pay anything for the Brunswick Rollei company.

Understandably NordLB is keen to sell—Rollei has cost the Hanover public sector bank an estimated DM 500m during its lengthy involvement.

Previously a family-owned group, Photo-Porst is now one-third controlled by Herr Hans Heinz Porst.

Ciba-Geigy profits again lower

BY JOHN WICKS IN ZURICH

LOWER PROFITS are reported for the second year running by Ciba-Geigy, the Swiss chemical group. After tax, earnings for 1980 are 7 per cent down at SwFr 305m ($158m).

Sales rose 20 per cent to SwFr 11.9bn, so as well as being the lowest absolute profits figure for five years, last year's earnings represented a decline in the return-on-sales rate to 2.6 per cent against 3.3 per cent in 1979.

Earlier this year Dr. Samuel Koechlin, chairman of the executive committee, said that the decline in profits would have to be reversed "if the group is to earn the money necessary for its survival."

The profits decline is attributed particularly to developments in dyestuffs and chemicals and in plastics and additives. The "profit shortfall" in these divisions was too great to be offset by the favourable results of the biological divisions.

It was impossible in many cases to increase prices to meet inflation. The exchange gains of 1979 were also largely absent.

In spite of acquisitions total group employment levels remained stable. Excluding acquisitions, turnover rose by 15 per cent. The board plans an unchanged dividend of SwFr 22 a share.

West German builder lifts workload

By Kevin Done in Frankfurt

HOCHTIEF, West Germany's second largest construction group, boosted building activity by 20.5 per cent to DM 6.04bn ($2.8bn) last year compared with DM 5.01bn in 1979.

At the same time the group improved profitability in the domestic market and again achieved a "good result" overseas, according to a letter sent out yesterday to shareholders.

Foreign contracts still involve a high level of risk, however, and this will have to be recognised in increased provisions, the company warned. No details on profits were given but Hochtief said that "a satisfactory dividend" would be paid for 1980—against DM 11 a share including a DM 2 bonus for 1979.

The weakening domestic economy and stiffening competition in foreign markets is leaving a clear mark on new orders won by the group, however.

Overall new orders last year failed to reach the level of current building activity and particularly overseas Hochtief is reckoning on no further expansion of its business.

New orders last year totalled some DM 5.25bn, a drop of 9.5 per cent over 1979. The major decline came in foreign markets with a drop of no less than 26 per cent to DM 2.27bn while domestic orders rose by 10 per cent to DM 2.97bn.

Of last year's building activity more than half was achieved in foreign markets with a value of DM 3.26bn, a rise of 22 per cent, while domestic construction amounted to DM 2.78bn, an increase of 19 per cent.

In the domestic market Hochtief is being hit particularly by the squeeze on public spending which is cutting new work from central and local authorities.

Overseas it says that competition from the Far East is growing fast while several Middle East countries are developing their own construction capability.

Gain at Credito Commerciale

By Our Financial Staff

NET INCOME of Credito Commerciale rose 54 per cent in 1980 to L8.47bn ($8.5m) from L5.5bn, and the bank plans to boost its dividend to L240 a share from L200.

The State-controlled bank said savings and checking deposits were up 8.3 per cent, while overall investments amounted to L1,120bn. Credits extended during the year grew by 35 per cent, despite the monthly credit limits imposed by the Italian Monetary Authorities.

Euroc steps up dividend

BY VICTOR KAYFETZ IN STOCKHOLM

EUROC, the Swedish building materials and industrial group, increased its pre-tax profit from SKr 68m in 1979 to SKr 95m ($21m) last year, but says earnings would have been SKr 30m higher but for the labour disputes of last April to June in Sweden.

The proposed dividend is SKr 9 a share, up from SKr 8. Earnings per share climbed from SKr 8.95 in 1979 to SKr 12.60. Group sales were ahead 11 per cent to SKr 3.66bn ($795m) including 43 per cent to customers outside Sweden, down from 44 per cent.

Pre-tax return on capital in 1980 was 8.8 per cent, up from 7.6 per cent, but Euroc reckons profitability is still too low and needs to rise further to make possible optimal expansion in promising sectors and improve the equity/assets ratio.

Extraordinary items yielded a surplus of SKr 52m, against a 1979 loss of SKr 17m. Following appropriations and taxes, net profit was SKr 64m, up from SKr 63m.

Boardroom rift widens at ACMV

John Wicks in Zurich examines the disagreements between Mr. Walter Fankhauser, vice-chairman and major shareholder of ACMV, the Swiss engineering group, and his co-directors

AS SUCCESSFUL as the Swiss concept of a multi-cultural, multi-lingual society has proved, the country is still some way from Schiller's ideal of a "single folk of brothers." Switzerland is very much an alliance of sovereign states rather than a homogenised federal nation: regional and ethnic loyalties run high, even in the hard-headed field of industry.

A case in point is provided by the current disagreements surrounding the engineering company Ateliers de Constructions Mécaniques de Vevey (ACMV) on the shores of Lake Geneva. The majority of the Board is afraid that control of the firm could fall into the hands of German-Swiss interests—more precisely, into the hands of its own vice-chairman.

The Vevey company is a prosperous mechanical engineering concern with 1979 sales of nearly SwFr 80m ($42.7m). Its production programme includes heavy structural steel and welded plate constructions, pumps, turbines and mechanical handling equipment.

Although it is hardly one of Switzerland's major companies, ACMV belongs to the relatively small group of manufacturers in the French-speaking part of the country whose finances or management are not controlled by "outsiders" — German-speaking Swiss or foreigners. The fact that they have a relatively modest share of economic clout has long been a sore point there to the western cantons, particularly in connection with the dominance of the industrialised "Suisse alémanique."

Some 20 years ago, the German-Swiss financier, Mr. Walter Fankhauser, acquired slightly more than 20 per cent of ACMV and became a member of the Board. For the past year, the former Union Bank of Switzerland general manager has been vice-chairman.

The trouble began when Mr. Fankhauser raised his shareholding by a series of small purchases to rather over 25 per cent. A majority decision of the board, with which he says he never agreed, limited registration of stock held by Mr. Fankhauser personally or his Zurich-based company Fibora Holding to the original shareholding of 20.37 per cent. Name-registered shares are a Swiss speciality largely aimed at providing additional protection against undesirable changes in the distribution of stock.

Mr. Fankhauser, who now appears to have increased his stake in Vevey to 30 per cent, is the sole large-scale shareholder in the company. As such, he claims to be the only person to bear any substantial financial risk despite having no more say in the running of the company than any other board member.

Last year the rest of the board took fright at what they saw as the vice-chairman's aspirations. The managing director of the day appealed to other shareholders to remain true to ACMV and said everything possible would be done to retain "independence." At the prospect of what was obviously felt to be yet another instance of German-Swiss hegemony, a call went out for a so-called Latin Solution. This involved the takeover of the Fankhauser-Fibora shareholdings by a banking consortium headed by the Vaud Cantonal Bank.

In fact Mr. Fankhauser claims to have offered his 25 per cent shareholding to local buyers in 1978, in the same year that ACMV told the Bankers' Association that it wanted to remain an "open company with a large number of shareholders." No arrangement came to pass. The same offer was made at the end of 1979, though again no Latin Solution could be found — apparently because by then Mr. Fankhauser had decided his shares should be sold not to a banking consortium but to another industrial concern.

Meanwhile, there is the question of what part Fibora Holding will play in Vevey's future. Mr. Fankhauser, having failed to dispose of his stake in ACMV, foresees an operative link with Fibora which owns 14 small and medium-sized industrial units in Switzeralnd.

Fibora, Mr. Frankhauser said this month, has a policy of non-intervention — neither the minority shareholders, the management nor the shop-floor at ACMY would suffer as a result of a link with Fibora.

The majority of board members remained unimpressed, however, and refuses to enter the additonal shares into the stock register. The Frankhouser-Fibora shares bought over and above the original 20.37 per cent are claimed by M. Philippe Baudraz, Vevey's chairman, to have been acquired "contrary to agreements and without informing the board."

The war of nerves comes to a head in June when the 73-year-old Mr. Frankhauser comes face to face with other shareholders at ACMV's anual meeting. It could prove an interesting contest.

هكذا من الأصل

PHILIPPINES FINANCE

Coping with the Dewey Dee affair

BY KEVIN RAFFERTY

THE PHILIPPINES authorities are putting together measures worth at least 3.2bn pesos (over $400m) to set the country's financial structures right again after a run of withdrawals from the banks following the departure from the country of Mr. Dewey Dee, the industrialist, with outstanding commitments of 635m pesos. The moves are in addition to the 575m pesos already pumped in by the Central Bank in its capacity as lender of last resort.

Mr. Jaime C. Laya, who took over as governor of the Central Bank on January 14, only five days after Dewey Dee left, said that a scheme initially worth 1bn pesos was being prepared to improve the operation of the short term paper market, and allow borrowers to fund their operations and take long term loans. The Central Bank had already begun to auction its own certificates of indebtedness, at a rate of 150m pesos a week for eight weeks, to offer safe, negotiable investments to a nervous market. Another 1bn pesos is being channelled to business through the so-called Apex loans, foreign borrowings undertaken by the Central Bank on behalf of smaller companies.

The authorities recognised that there was a shortage of long-term funds for industry, would keep an eye on the measures, and might make more funds available, the Governor said.

The departure of Dewey Dee, textile manufacturer of Chinese Filipino origins, sent out shock waves which reveberated through the Philippines business and banking communities. He owes money to a string of banks, and finance and investment houses, much of it unsecured. The immediate reaction was a withdrawal of deposits from the banks which had lent to Mr. Dee, and a general move not only to sell the paper issued by Mr. Dee's companies, but to switch out of commercial paper in general.

The authorities had a double task: to quieten the panic and to sort out the system that had allowed the industrialist to run up such commitments.

A battery of statements from the Central Bank and the Malacanang Palace that the Philippines financial system was sound had to be supplemented by active help for the institutions in difficulties. Governor Laya stressed that the Central Bank was not handing out money on soft terms, but on the stiff lender of last resort terms of 24 per cent initially, rising by 2 per cent for each 60 days that the funds were needed.

Mr. Jaime C. Laya, governor of the Philippines Central Bank

The Government itself rushed through sweeping changes to the system of operations of the banking and financial institutions, greatly strengthening the hands of the Central Bank.

The regulations give the Central Bank the power to examine deposit accounts and to make their contents public in attempts to uncover fraud or irregularities. They increase the fines the Central Bank may levy on banks and others with quasi banking functions. Within the financial structure, the Securities and Exchange Commission, has lost power to the Central Bank.

From now on the Securities and Exchange Commission is limited to registration of commercial paper. The Central Bank itself will issue rules relating to commercial paper and will supervise and enforce its issues. It may set limits to industry borrowing. An official Press release says "Some of the amendments represent action designed to prevent the recurrence of events like the Dewey Dee affair."

The new Central Bank Governor is determined to use the crisis of confidence caused by the departure of Dewey Dee as an opportunity to make improvements in the commercial structure. He wants to see the establishment of a credit information system involving the exchange of information by Government and banking agencies. This might lead to the publishing of information assessing commercial paper.

The 1bn pesos rationalisation fund will be handled through the Development Bank of the Philippines and the Philippine National Bank, both government owned, which will take equity in companies, probably in the form of preferred shares, in exchange for the long-term loans. The Government banks have stiffened their demands for information from companies to which they are lending.

Another area where the Central Bank will soon take steps to bring rationalisation is in the size and number of banks. There is a feeling in government circles that the affair has underlined the small size and vulnerability of banks, which should be encouraged to consolidate.

Officials of the Securities and Exchange Commission say that Mr. Dee's two major companies, Continental Manufacturing Corporation and Redson Textile Manufacturing Corporation, complied with the rules governing commercial paper issuance and stayed within the prescribed limits. What had happened was that Mr. Dee's creditors did not examine the balance sheets before lending to him.

Foreign observers comment that businessmen, especially in the Chinese community to which Mr. Dee belongs, place a heavy emphasis on personal trust. But in the immediate aftermath of the shock, rules are being observed to the letter.

Sino Realty offshoot set for market

By Adrian Boven in Hong Kong

SINO REALTY, a private property development company with Singapore connections, has announced that a newly created subsidiary, Sino Land Company, will go public with a HK$360m (US$67m) issue of new shares and warrants. The 200m shares in issue will be offered to the public at HK$1.80 a share, and every two shares will carry a warrant entitling the holder to subscribe for an additional share at a price to be determined on the basis of a five day trading average of Sino Land after it is listed on the stock exchanges. The final conversion day of the warrants has not yet been set.

Sino Realty will also offer its own shareholders a special dividend of Sino Land shares and warrants in the proportion of two ordinary shares and one warrant of Sino Land for every two shares in Sino Realty held. At the end of the process, Sino Realty will hold 68 per cent of Sino Land. It will retain this shareholding as a long-term investment, it says, and will regard Sino Land as its major property development and investment arm. Sino Land's net asset value after the share issue will be HK$1.4bn.

The public offer is the last that will be permitted in Hong Kong for the time being. The Hong Kong Federation of Stock Exchanges announced on Tuesday that it was imposing a moratorium on new share issues until the end of April in order to allay fears that a rash of new issues would drain too much money out of the market. Listed companies will, however, be permitted to make rights issues.

● THE HONG KONG and Yaumati Ferry Company, which operates a fleet of ferries linking Hong Kong to its outlying islands, has reported after-tax profits for 1980 of HK$20.7m (US$3.9m), up 12.5 per cent from the HK$18.4m of 1979. There were also HK$9.8m of extraordinary profits from the sale of property.

The final dividend is 8 cents a share, for a total of 11 cents up from 9.3 cents in 1979 adjusting for a one-for-two scrip issue. A special cash bonus of 5 cents a share has also been declared.

Straits Trading in smelter link with Malaysia Mining

BY GEORGIE LEE IN SINGAPORE

STRAITS TRADING company, the Singapore-incorporated tin and investment holding group, will receive 102m ringgit (US$44m) cash from the restructuring and sale of 42 per cent of its tin smelting business to Malaysia's largest tin mining group, Malaysia Mining Corporation.

STC, which will retain 58 per cent of the tin smelting business, said the restructuring of the ownership of its smelter is in compliance with Malaysia's New Economic Policy, aimed at placing a greater share of the country's assets in the hands of the indigenous (Bumiputra) people.

Under the agreement, both parties will ensure that mining companies in which they have significant interests are to deliver their tin concentrates to the jointly owned smelter.

The agreement forbids either party to become directly or indirectly interested in any other tin smelting business in Malaysia or Singapore without the prior consent of the other. The tin smelting and ore buying business of STC, which currently engages about 600 employees, has been carried on in Malaysia since the company's incorporation in 1887, and now occupies a 14-acre site at Butterworth in the Malaysian state of Penang.

High grade tin

Malaysian and foreign tin concentrates are acquired at the smelter and through ore buying premises located in the main tin-producing areas in Malaysia. Together with another tin smelter, STC conducts the Penang tin market, through which daily purchases of ore and sales of refined tin are matched. STC's product is an internationally recognised brand of high grade tin.

MMC is an indigenous (Bumiputra) company, and companies in which it has significant interests produce approximately 23 per cent of Malaysia's tin output.

There are presently only two smelters in Malaysia, the other being owned by Datuk Keramat.

The agreement will be effected by STC transferring its smelting business and all related fixed and net current assets, except the 14 acre land at Butterworth and the ore buying premises, to a new company to be called Malaysia Smelting Corporation (MSC).

MMC will simultaneously purchase 42 per cent of Malaysia smelting Corporation from STC and STC will continue to hold 58 per cent of the smelting corporation for a period not exceeding three years. Within that time, STC will offer 28 per cent of MSC to the Malaysian public, and MSC will seek listing on the Kuala Lumpur Stock Exchange. MSC will have an issued capital of 60m ringgit.

Malaysia Mining Corporation will pay 41.84m ringgit to STC for the sale of 42 per cent of MSC. STC will also receive approximately 60.17m ringgit from MSC for its transfer of the net current assets of the smelting business to MSC.

increased capacity

STC disclosed that pre-tax profits attributable to its smelting business, after making a deduction for interest on capital employed, are estimated at 40m ringgit for the year ended December 1980. It added that as profits from the smelting business depended to a considerable extent on the prices of tin metal and by-products it was not practical to make a forecast of profits of the new smelting company for 1981. However, it was expected that the new company would smelt additional ores and that group trading profits of STC, which would include those of the new company, would be greater than if the agreement had not been concluded.

STC said that it intends to increase the capacity of the smelter at Butterworth to deal with further additional ores which should be received as a result of the agreement and this should add to profits in future. The fixed assets and base stock which are to be sold to MSC are carried in the books of STC at a value of S$7.22m.

On the basis that STC's 58 per cent holding in MSC is valued at par, these arrangements would increase the net tangible assets of STC by 56 Singapore cents per share. However, the effect of consolidating the assets of MSC in the group accounts of STC would be to change the increase to 29 Singapore cents per share.

Faber Merlin rights to finance new activities

BY WONG SULONG IN KUALA LUMPUR

FABER MERLIN, the Malaysian hotel and property group, is making a rights issue to raise 46.7m ringgit (US$20m) to finance new business activities and reduce its heavy loan burden.

The one-for-three issue is priced at 1.6 ringgit a share, and will raise the group's paid-up capital from 87m ringgit to 117m ringgit.

Faber Merlin said that part of the funds would be used for the construction of a low-rise office block at its property project at Taman Desa in Kuala Lumpur, upgrading the facilities of its Merlin Hotel in Kuala Lumpur in anticipation of better business, and to reduce its loan level.

For its half-year, ended December, the group has reported better profits on a flat turnover. Pre-tax earnings were 35 per cent higher at 2.8m ringgit. The interim dividend is unchanged at 2.5 per cent.

* * *

UAC BERHAD (formerly United Asbestos Cement) has continued to benefit from the Malaysian construction boom. Pre-tax earnings for the six months to December rose by 63 per cent to 10.3m ringgit (US$4.5m), on turnover which increased by 47 per cent to 46m ringgit (US$20.2m).

UAC, which manufactures asbestos pipes, said the company enjoyed "buoyant sales demand." The problems relating to the starting of its new plant had largely been overcome, and the company benefited from the increased production capacity.

Second-half earnings are expected to be equally good, although a higher tax rate, resulting from lower depreciation and capital allowances, would have its effect.

The interim dividend is unchanged, at 12.5 per cent—but on a paid-up capital of 35m ringgit reached with the one-for-three-scrip issue last year.

* * *

HUME INDUSTRIES Berhad, the Malaysian manufacturer of building materials, has reported trading profits up by 77 per cent to 11.3m ringgit ($4.9m) for the half-year to December, on sales 117 per cent ahead at 109m ringgit ($47m).

The results included Hume Industries Singapore, which became a subsidiary company on July last year, after a share exchange deal.

Profit after tax and minority interests was nearly 6m ringgit, more than 60 per cent higher.

Hume is maintaining its interim dividend of 6 per cent, on capital increased to 65m ringgit through the issue of 31m shares for the acquisition of Hume Singapore, and a rights offer.

CURRENCIES, MONEY and GOLD

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday March 4. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.5588
Algeria	Dinar	3.8325
Andorra	Fr. Franc	4.989
	Sp. Peseta	86.50
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso	1940.50
Australia	Dollar	0.863
Austria	Schilling	15.01
Azores	Port. Escudo	56.90
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	86.50
Bangladesh	Taka	15.8875
Barbados	Dollar	2.01
Belgium	Franc (C)	34.66
	Franc (F)	35.365
Belize	Dollar	2.00
Benin	C.F.A. Franc	249.45
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.18
Bolivia	Peso	25.00
Botswana	Pula	0.7617
Brazil	Cruzeiro	71.69
Br. Virgin Is.	Dollar	1.00
Brunei	Dollar	2.102
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	Franc	90.00
Cameroun Rp.	C.F.A. Franc	249.45
Canada	Dollar	1.2016
Canary Is.	Sp. Peseta	86.50
Cape Verde	Escudo	36.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	249.45
Chad	C.F.A. Franc	249.45
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.5331
Colombia	Peso (O)	51.96
Comoros	C.F.A. Franc	249.45
Congo P'ple.Rep.of	C.F.A. Franc	249.45
Costa Rica	Colon	8.57
Cuba	Peso	0.7313
Cyprus	Pound*	2.505
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	Dobra	36.8943
Denmark	Krone	6.6485
Djibouti Rp. of	Franc	162.492
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	28.10
Egypt	pound*	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	173.00
Ethiopia	Birr (O)	2.0108
Faeroe Is.	Dan. Krone	6.6485
Falkland Is.	Pound*	2.2155
Fiji	Dollar	0.823
Finland	Markka	4.078
France	Franc	4.989
Fr. C'ty in Af.	C.F.A. Franc	249.45
Fr. Guiana	Franc	4.989
Fr. Pac. Is.	C.F.P. Franc	85.7594
Gabon	C.F.A. Franc	249.45
Gambia	Dalasi	1.8055
Germany (E)	Ostmark (O)	2.1195
Germany (W)	Mark	2.1195
Ghana	Cedi	2.75
Gibraltar	Pound*	2.2155
Greece	Drachma	51.35
Greenland	Dan. Krone	6.6485
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	4.989
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.8752
Guinea Rep.	Syli	20.127
Guyana	Dollar	2.5096
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.3435
Hungary	Forint	32.55
Iceland	Krona	6.48
India	Rupee	8.18
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.728
Israel	Shekel	8.57
Italy	Lira	1023.50
Ivory Coast	C.F.A. Franc	249.45
Jamaica	Dollar	1.7835
Japan	Yen	207.55
Jordan	Dinar	0.3205
Kampuchea	Riel	n.a.
Kenya	Shilling	8.2758
Kiribati	Aust. Dollar	0.863
Korea (Nth)	Won	0.94
Korea (Sth)	Won	658.90
Kuwait	Dinar	0.2745
Lao P'pls D. Rep	Kip	10.00
Lebanon	Pound	3.9975
Lesotho	Loti	0.783
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Franc	1.9265
Luxembourg	Lux Franc	34.66
Macao	Pataca	5.305
Madagascar D. R.	Franc	249.45
Madeira	Port. Escudo	56.90
Malawi	Kwacha	0.8696
Malaysia	Ringgit	2.298
Maldive Is.	Rupee	3.95
Mali Rp.	Franc	498.90
Malta	Pound*	2.6661
Martinique	Franc	4.989
Mauritania	Ouguiya	49.89
Mauritius	Rupee	8.1535
Mexico	Peso	23.69
Miquelon	Fr. Franc	4.989
Monaco	Fr. Franc	4.989
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.7894
Mozambique	Metica	29.6096
Namibia	S.A. Rand	0.783
Nauru Is.	Aust. Dollar	0.863
Nepal	Rupee	12.00
Netherlands	Guilder	2.34
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.0861
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	249.45
Nigeria	Naira (O)	0.5721
Norway	Krone	5.4135
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6596
Paraguay	Guarani	137.30
P'pls D. Rp. of Yemen	Dinar	0.3415
Peru	Sol	372.50
Philippines	Peso	7.65
Pitcairn Is.	N.Z. Dollar	1.0861
Poland	Zloty (O)	31.00
Portugal	Escudo	56.90
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6597
Reunion Ile de la	Fr.Franc	4.989
Romania	Leu	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.2155
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.989
St. Vincent	E. Caribbean $	2.7025
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1023.50
Saudi Arabia	Riyal	3.3498
Senegal	C.F.A. Franc	249.45
Seychelles	Rupee	6.0167
Sierra Leone	Leone	1.2878
Singapore	Dollar	2.102
Solomon Is.	Dollar	0.8613
Somali Rep.	Shilling	6.0241
South Africa	Rand	0.783
Spain	Peseta	86.50
Span. Ports in N. Africa	Sp. Peseta	86.50
Sri Lanka	Rupee	17.5581
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.80
Swaziland	Lilangeni	0.783
Sweden	S. Krone	4.619
Switzerland	Franc	1.9265
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.00
Tanzania	Shilling	8.1697
Thailand	Baht	20.50
Togo Rep.	C.F.A. Franc	249.45
Tonga Is.	Pa'anga	0.863
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.3985
Turkey	Lira	95.95
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.863
Uganda	Shilling	7.8762
Utd. A'b. Emir.	Dirham	3.6718
Utd. Kingdom	Pound Sterling*	2.2155
Upper Volta	C.F.A. Franc	249.45
Uruguay	Peso	10.27
U.S.S.R.	Rouble	0.752
Vanuatu	Vatu (5)	80.6303
Vanuatu	Aust. Dollar	0.863
Vatican	It. Lira	1023.50
Venezuela	Bolivar	4.2932
Vietnam	Dong (O)	2.18
Virgin Is. U.S.	U.S. $	1.00
Western Samoa	Tala	0.9713
Yemen	Rial	4.57
Yugoslavia	Dinar	29.37
Zaire Rp.	Zaire	3.46
Zambia	Kwacha	0.8351
Zimbabwe	Dollar	0.6536

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) From January 1, 1981, Iceland introduced a new crown equivalent to 100 units of old currency. (5) Since 1/1/81 100 Vatu=6.1875 French francs.

$ & £ steady

Dollar finished around the middle of the day's range against most currencies in quiet foreign exchange trading. Firmer Eurodollar interest rates had little influence on the market, and there was also little reaction to news that German Bundesbank credit policies were left unchanged at yesterday's central council meeting.

Sterling improved against the dollar and French franc, but showed little change against other major European currencies.

European currencies traded fairly quietly, although the Belgian franc weakened outside its official divergence limit within the European Monetary System. The French franc was the strongest EMS currency, slightly above the D-mark and Dutch guilder.

DOLLAR — trade-weighted index (Bank of England) rose to 100.7 from 100.6. The U.S. currency eased to DM 2.1350 from DM 2.1375 against the D-mark, after touching DM 2.1450. It declined to SwFr 1.9425 from SwFr 1.9470 in terms of the Swiss franc, but rose slightly to Y208.80 from Y208.60 against the Japanese yen.

STERLING — trade-weighted index (Bank of England) rose to 99.0 from 98.7, after opening at 98.8 and easing to 98.7 at noon. The pound opened at $2.2050-2.2060, and fell to a low of $2.1940-2.1950 before recovering to $2.2000 at noon. In the afternoon sterling rose to $2.2050-2.2065, and closed at $2.2035-2.2045, a rise of 52½ points on the day. The pound was steady against most other major currencies, but rose to FFr 11.0850 from FFr 11.0550 against the French franc.

D-MARK—A sharp rise in German interest rates coupled with earlier intervention by the Bundesbank has led to a recovery by the D-mark. High foreign interest rates and Germany's considerable balance of payments deficit had previously put pressure on the D-mark against the dollar and within the European Monetary System. Tension over Poland has added to the tension surrounding the German currency—The D-mark showed mixed changes at the Frankfurt fixing, improving against sterling but losing ground to the dollar. The Bundesbank did not intervene when the U.S. currency was fixed at DM 2.1336, compared with DM 2.1222 in quiet trading ahead of the German central bank council meeting. There were no changes in Bundesbank credit policies. The pound fell to DM 4.6930 from DM 4.70, and the Swiss franc to DM 1.0968 from DM 1.0977. Within the EMS the French franc rose to DM 42.53 per 100 francs from DM 42.50, while the Belgian franc fell to DM 6.1070 per 100 francs from DM 6.1100, and the Italian lira to DM 2.0710 per 1,000 lira from DM 2.0750.

JAPANESE YEN—Very firm influenced by Japan's strengthening economic performance, and showing little change recently against the strong dollar—There was good demand for the yen in heavy Tokyo trading. The dollar fell to Y207.80 from Y208.95, after opening at Y208.40. Commercial buying of dollars pushed the U.S. currency to a peak of Y208.95 in early trading, but it weakened later in the day on a wave of demand for the yen from the Middle East. It was suggested that countries such as Saudi Arabia and Kuwait started buying yen some time ago, and have now become more aggressive, buying as much as $300m worth of yen in Tokyo and London during the past two days.

THE POUND SPOT AND FORWARD

March 5	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.1940-2.2065	2.2035-2.2045	0.57-0.67c dis	-3.37	2.35-2.45dis	-4.35
Canada	2.6390-2.6500	2.6470-2.6480	0.95-1.05c dis	-4.53	3.05-3.20dis	-4.72
Nethlnd.	5.17½-5.22½	5.20½-5.21½	1¼-¼c pm	1.73	1½-½ pm	0.67
Belgium	76.70-77.30	77.15-77.25	3c pm-7 dis	-0.31	20-30 dis	-1.29
Denmark	14.67-14.79	14.77½-14.78½	½ore pm-1½ dis	-0.30	6½-8½ dis	-2.06
Ireland	1.2770-1.2905	1.2870-1.2890	0.03-0.16p dis	-0.88	0.41-0.59dis	-1.55
W. Ger.	4.68-4.73	4.70½-4.71½	¼pf pm-¾ dis	-0.64	1½-2½ dis	-1.49
Portugal	125.00-126.00	125.80-126.00	35c pm-60 dis	-1.19	20pm-165dis	-2.30
Spain	190.70-192.20	191.90-192.10	15-70c dis	-2.66	185-245 dis	-4.48
Italy	2,259-2,275	2,273-2,275	7½-9½lire dis	-4.48	30-33 dis	-5.54
Norway	11.89-12.02	12.01-12.02	1¼ore pm-½ dis	0.37	¾-2½ dis	-0.54
France	11.02-11.11	11.08-11.09	1¼-¼c pm	0.81	2-3 dis	-0.90
Sweden	10.17-10.25	10.24-10.25	2¾-3¾ore dis	-3.29	10¾-11¾ dis	-4.29
Japan	455-463	460-461	1.90-1.40y pm	4.30	4.85-4.00 pm	3.76
Austria	33.15-33.40	33.32-33.37	6-1gro pm	1.28	par-10 dis	-0.60
Switz.	4.25-4.31	4.28-4.29	1½-½c pm	2.80	3¼-2¼ pm	2.57

Belgian rate is for convertible francs. Financial franc 79.25-79.35. Six-month forward dollar 4.85-4.95c dis. 12-month 7.85-8.05c dis.

THE DOLLAR SPOT AND FORWARD

March 5	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.1940-2.2065	2.2035-2.2045	0.57-0.67c dis	-3.37	2.35-2.45dis	-4.35
Ireland†	1.7060-1.7210	1.7100-1.7130	0.30-0.40c dis	-2.45	1.10-1.25dis	-2.74
Canada	1.2005-1.2021	1.2010-1.2013	0.15-0.20c dis	-1.75	0.15-0.20dis	-0.58
Nethlnd.	2.3510-2.3660	2.3600-2.3620	1.06-0.96c pm	5.13	3.03-2.93 pm	5.05
Belgium	34.78-35.06	35.04-35.06	12½-11c pm	4.02	28-25 pm	3.02
Denmark	6.6750-6.7230	6.7100-6.7125	1.75-1.25ore pm	2.68	4.10-3.60 pm	2.29
W. Ger.	2.1220-2.1460	2.1345-2.1355	0.50-0.40pf pm	2.53	1.43-1.33 pm	2.58
Portugal	56.80-57.25	57.00-57.15	30c pm-10 dis	2.10	70 pm-10 dis	2.10
Spain	86.60-87.15	86.70-86.80	20-5c pm	1.73	5 pm-15 dis	-0.21
Italy	1,026-1,032	1,031-1,032	½-1¼lire dis	-1.02	3-4½ dis	-1.45
Norway	5.4100-5.4610	5.4500-5.4540	1.90-1.40ore pm	3.63	5.20-4.70 pm	3.63
France	5.0130-5.0420	5.0370-5.0420	2.00-1.85c pm	4.58	4.75-4.55 pm	3.69
Sweden	4.6250-4.6520	4.6480-4.6505	0.20-0.40ore dis	-0.78	0.20-0.40dis	-0.26
Japan	207.50-209.00	208.75-208.85	1.35-1.20y pm	7.33	4.15-4.00 pm	7.81
Austria	15.06-15.16	15.14-15.15	6.40-5.10gro pm	4.55	16.50-13.00pm	3.98
Switz.	1.9310-1.9600	1.9420-1.9430	1.20-1.10c pm	7.10	3.50-3.40 pm	7.16

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Mar. 5	Bank of England Index	Morgan Guaranty Changes%
Sterling	99.0	-26.8
U.S. dollar	100.7	-3.4
Canadian dollar	85.0	-18.5
Austrian schilling	115.5	+21.9
Belgian franc	107.4	+9.0
Danish kroner	89.2	-10.5
Deutsche mark	120.0	+39.7
Swiss franc	134.0	+74.6
Guilder	111.9	+15.4
French franc	86.2	-9.9
Lira	61.2	-53.4
Yen	146.2	+42.1

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Mar. 4	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.553540	0.548114
U.S. $	13	1.22509	1.20133
Canadian $	17.08	1.47450	1.44267
Austria Sch.	6¾	18.3987	18.0319
Belgium F.	12	42.6465	41.6920
Danish K.	11	8.16259	7.98581
D mark	7½	2.60201	2.54585
Guilder	9	2.87702	2.81194
French Fr.	9½	6.12984	5.99341
Lira	16½	1254.90	1228.96
Yen	7¼	256.130	246.395
Norwgn. Kr.	9	6.63805	6.48535
Spanish Pts.	8	105.919	103.795
Swedish Kr.	12	5.66821	5.55012
Swiss Fr.	4	2.36597	2.31976
Greek Dr'ch.	—	—	61.7361

OTHER CURRENCIES

Mar. 5	£	$		£ Note Rates
Argentina Peso	4962-4982	2255-2265	Austria	33.00-33.40
Australia Dollar	1.9045-1.9085	0.8650-0.8656	Belgium	78.00-79.00
Brazil Cruzeiro	157.21-158.21	71.51-71.87	Denmark	14.65-14.80
Finland Markka	8.960-8.980	4.0940-4.0960	France	11.00-11.10
Greek Drachma	112.885-113.597	51.40-51.55	Germany	4.68-4.73
Hong Kong Dollar	11.78-11.80	5.3550-5.3600	Italy	2240-2330
Iran Rial	166.00*	76.00*	Japan	456-459
Kuwait Dinar (KD)	0.601-0.607	0.2747-0.2749	Netherlands	5.16-5.21
Luxembourg Frc.	77.15-77.26	35.04-35.06	Norway	11.90-12.02
Malaysia Dollar	5.06-5.07	2.3010-2.3050	Portugal	121-126
New Zealand Dlr.	2.4065-2.4105	1.0920-1.0930	Spain	185½-195
Saudi Arab. Riyal	7.35-7.41	3.3485-3.3525	Sweden	10.16-10.26
Singapore Dollar	4.6350-4.6450	2.1080-2.1120	Switzerland	4.27-4.31½
Sth African Rand	1.7300-1.7320	0.7850-0.7860	United States	2.18¾-2.20¾
U.A.E. Dirham	8.06-8.12	3.6720-3.6740	Yugoslavia	77-80

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU March 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.7495	+4.93	+1.79	±1.53
Danish Krone	7.72336	7.98725	+3.42	+0.28	±1.64
German D-Mark	2.48208	2.54700	+2.62	-0.52	±1.125
French Franc	5.84700	5.99862	+2.59	-0.55	±1.3657
Dutch Guilder	2.74362	2.81679	+2.67	-0.47	±1.512
Irish Punt	0.668201	0.695538	+4.09	+0.95	±1.668
Italian Lira	1157.79	1226.18	+5.91	+3.04	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Mar. 5	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.204	4.710	460.5	11.095	4.285	5.210	2274.	2.648	77.20
U.S. Dollar	0.454	1.	2.137	208.9	5.029	1.944	2.364	1032.	1.201	35.03
Deutschemark	0.212	0.468	1.	97.77	2.354	0.910	1.106	482.8	0.562	16.39
Japanese Yen 1,000	2.172	4.786	10.23	1000.	24.07	9.305	11.31	4938.	5.749	167.6
French Franc 10	0.902	1.988	4.249	415.4	10.	3.866	4.700	2051.	2.388	69.64
Swiss Franc	0.233	0.514	1.099	107.5	2.587	1.	1.216	530.7	0.618	18.02
Dutch Guilder	0.192	0.423	0.904	88.39	2.128	0.822	1.	436.5	0.508	14.82
Italian Lira 1,000	0.440	0.969	2.071	202.5	4.875	1.884	2.291	1000.	1.164	33.95
Canadian Dollar	0.378	0.832	1.779	173.9	4.187	1.619	1.968	858.9	1.	29.16
Belgian Franc 100	1.295	2.855	6.101	596.5	14.36	5.551	6.749	2946.	3.429	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Mar. 5	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	15¼-15¾	15⅝-15⅞	16½-17½	11-11¼	2¾-3¼	11¼-11¾	11½-12	15½-17½	7½-8½	9-9½
7 days' notice	14¼-14¾	15¾-16	16½-17½	11-11¼	6½-7	12¾-13	11½-12	16-18	9-10	9¼-9½
Month	13⅛-13¼	16⅜-16⅝	16⅞-17¼	11⅛-11⅜	9¼-9⅜	13⅞-14	12½-13	17½-18½	12½-12⅝	9⅛-9⅜
Three months	12⅛-12⅜	16⅝-16⅞	16⅞-17¼	11⅛-11⅜	9⅜-9½	13⅞-14	13⅛-13⅜	18-19	13⅝-13⅞	8⅛-8⅜
Six months	12⅛-12¼	16⅝-16⅞	16⅛-16½	11⅛-11⅝	9⅜-9⅝	13⅛-13⅜	13¼-13¾	18¼-19¼	13¾-13⅞	8⅛-8⅜
One Year	12⅛-12⅜	16-16¼	15¼-15⅝	11⅛-11⅝	8⅝-8⅞	12⅛-12⅜	13⅜-13⅞	18¾-19¾	13¾-13⅞	8⅛-8⅜

SDR linked deposits: one-month 13⅞-14⅛ per cent; three months 13⅞-14⅛ per cent; six-months 13¾-14⅛ per cent; one year 13½-13⅞ per cent.

Asian $ (closing rates in Singapore): one-month 16⅞-16⅝ per cent; three months 16⅝-16⅞ per cent; six-months 16⅝-16⅞ per cent; one year 16⅛-16½ per cent. Long-term Eurodollars two years 15¾-16 per cent; three years 15½-15¾ per cent; four years 15¼-15½ per cent; five years 15¼-15⅝ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 15.95-16.05 per cent; three-months 16.15-16.25 per cent; six-months 16.15-16.25 per cent; one year 15.70-15.80 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. MARCH 5)

3 months U.S. dollars		6 months U.S. dollars	
bid 16 11/16	offer 16 15/16	bid 16 11/16	offer 16 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

INTERNATIONAL MONEY MARKET

German rates firm

The Bundesbank left credit policies unchanged after yesterday's meeting of the central council and period rates showed a firmer tendency. One-month money was quoted at 14.75 per cent compared with 14.25 per cent, and six-month at 14 per cent against 13.5 per cent on Wednesday. Earlier in the day there was speculation that the authorities may have increased the discount rate from the current level of 7.5 per cent. In the money market the Bundesbank's Lombard facility remained open. The closure on Wednesday of the special lending facility would have meant that banks would have had to repay an estimated DM 28bn yesterday. Call money was unchanged at 12.25 per cent.

In Zurich money market rates remained firm as the central bank adopted a firm stance, employing higher interest rates to combat inflationary trends and a firmer tendency in rates in other European centres, notably West Germany. However the authorities appear loathe to adopt too restrictive a policy as this would lead to an increase in mortgage rates, which in turn would have a rapid effect on the consumer price index, a general measure on the rate of inflation, and would carry certain political disadvantages.

In Paris call money was quoted at 11⅝ per cent compared with 11⅞ per cent on Wednesday, while longer term rates showed a slightly easier tendency.

UK MONEY MARKET

Further shortage

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Day to day credit was in short supply in the London money market yesterday, and the authorities gave assistance on a small scale. This comprised small purchases of eligible bank bills. The only factor against the market was a small number of eligible bank bills maturing in official hands. Discount houses were paying 14 per cent for secured call loans at the start, with later balances taken at 13¾ per cent.

In the interbank market overnight loans opened at 14¾-15¼ per cent and rose to 15¼-15½ per cent on the forecast of a small shortage before easing to 14-14¼ per cent during the afternoon. Rates touhced 14¾-15 per cent before the close and finished at around 13¾ per cent.

GOLD

Little change

Gold showed little change in the London bullion market yesterday, finishing at $462-465, a fall of $1 on the day. The metal opened at $455-458 and traded within a range of $453-456 to $463-466. Trading was fairly active with some short covering from New York pushing up the price. Gold was fixed at $457 in the morning, the lowest level since December 1979, but rose to $461.50 in the afternoon.

In Paris the 12½ kilo gold bar was fixed at FFr 83,300 per kilo ($516.01 per ounce) in the afternoon, compared with FFr 84,100 ($521.98) in the morning, and FFr 85,150 ($529.75) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 31,480 per kilo ($458.99 per ounce), against DM 32,555 ($477.53), and finished at $465-466, compared with $464-$467.

In Zurich gold closed at $464-$465½, against $465-468.

	Mar. 5		Mar. 4	
Gold Bullion (fine ounce)				
Close	$462-465	(£209½-211)	$463-466	(£210¾-212)
Opening	$455-458	(£207-208½)	$474-477	(£213½-214¾)
Morning fixing	$457	(£207.426)	$475.75	(£214.669)
Afternoon fixing	$461.50	(£209.392)	$465.50	(£211.735)
Gold Coins				
Krugerrand	$476½-478	(£216¼-217)	$480-481½	(£218½-219¼)
1/2 Krugerrand	$245½-247½	(£111¼-112¼)	$246-248	(£112-113)
1/4 Krugerrand	$125-127	(£56¾-57½)	$125-127	(£57-57¾)
1/10 Krugerrand	$52-54	(£23½-24½)	$52½-54½	(£24-24¾)
Mapleleaf	$474-475½	(£215-215¾)	$474-475½	(£215¾-216½)
New Sovereigns	$116-117	(£52½-53)	$116¾-117¾	(£53-54½)
King Sovereigns	$138-140	(£62½-63½)	$142-144	(£64½-65½)
Victoria Sovs.	$138-140	(£62½-63½)	$142-144	(£64½-65½)
French 20s	$175-178	(£79½-80¾)	$173-176	(£78¾-80)
50 pesos Mexico	$572-577	(£259½-261¾)	$585-590	(£266¼-268½)
100 Cor. Austria	$443-448	(£201-203¼)	$458-462	(£208½-210¼)
$20 Eagles	$592-597	(£268½-271)	$601-605	(£273½-275½)

MONEY RATES

NEW YORK

Prime Rate	18½
Fed. Fund	15⅞-16⅛
Treasury Bills (13-week)	14.42
Treasury Bills (26-week)	13.93
GERMANY	
Discount Rate	7.5
Overnight Rate	12.25
One month	14.75
Three months	14.75
Six months	14.00
FRANCE	
Discount Rate	9.5
Overnight Rate	11.625
One month	12.1875
Three months	13.0625
Six months	13.1875
JAPAN	
Discount Rate	7.25
Call (Unconditional)	8.625
Bill Discount (three-month)	8.28125

LONDON MONEY RATES

Mar. 5 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	13¾-15½	14½-15¾	—	—	14¼	13¾-14	—	—	—
2 days notice	—	—	14¾-14⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	15-15⅛	14¾-14⅞	—	15	—	13¾-14	—	—	—
One month	13¾-13⅞	13⅞-13⅞	13¼	14¾-14½	13⅞	13⅞-14	12¼-12½	12⅞	13-13⅛	13⅞
Two months	12¾-12⅞	12⅞-12⅞	—	14¼-13⅞	12⅞	13	12-12¼	12¼-12⅜	12¼-12⅜	13
Three months	12⅝-12⅞	12⅞-12⅝	12⅜-12½	13½-12¾	12⅝	12¾	11¾-12	11⅞-11¾	11¾-11⅞	12½
Six months	12¼-12⅛	12⅛-12⅜	12-12¼	12⅝-12¼	12½	12¾	—	—	11⅝-11⅞	12
Nine months	12¼-12⅛	12⅞-12¼	—	12⅝-12¼	12⅜	12¾	—	—	—	—
One year	12¼-12⅛	12⅛-12¼	12⅛-12¼	12½-12¼	12⅞	12¾	—	—	—	—
Two years	—	—	12½-12¾	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13 per cent; four years 13½-13¾ per cent; five years 13¾ per cent. ♦Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11⅞ per cent; four-month trade bills 12⅝ per cent.

Approximate selling rate for one-month Treasury bill 12⅞ per cent; two-months 11⅞-12⅛ per cent; three-months 11⅞ per cent. Approximate selling rate for one-month bank bills 13 per cent; two-months 12⅞ per cent; three-months 11⅞ per cent; one-month trade bills 13½ per cent; two-months 12⅞ per cent and three-months 12⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from March 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11½-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 11.5857 per cent.

WORLD STOCK MARKETS

Mixed early Wall St. showing

WITH INVESTORS uncertain over the outlook for interest rates and the economy, Wall Street moved indecisively in fairly active trading before making a narrowly mixed showing at mid-session.

The Dow Jones Industrial Average was a modest 1.05 easier at 970.39 at 1 pm and the NYSE All Common Index 3 cents off at $74.95, but advances exceeded declines by a few issues. Trading volume amounted to 33.98m shares, compared with the 32.65m recorded at 1 pm on Wednesday. reason to be aggressive on either

Analysts said that with little side of the market, institutions weer taking profits in some areas and putting the funds back into undervalued issues. Meanwhile, traders were concentrating on more speculative situations.

Oils were mostly weaker. Getty lost $1¼ to $69, Kerr-McGee $1 to $73, Occidental Petroleum $¾ to $28¼, Amerada Hess $¾ to $35⅞, Exxon $1 to $70⅜ and OKC $4 to $111½.

Schlumberger shed $2¼ to $105 and Halliburton $1⅞ to $74⅞ among Oil Service issues.

Defence stocks were somewhat firmer. On Wednesday, the Reagan Administration formally unveiled its increased defence budget. Litton added $1¼ at $69⅞, Raytheon $¾ at $94⅞, Teledyne $½ at $188 and EG and G $¼ at $38¼.

McDonnell Douglas rose $⅞ to $44¼, Lockheed $½ to $27⅜, General Dynamics $⅝ to $33⅝ and Boeing $½ to $34⅞.

Some Gold shares picked up, after several days of weakness on falling gold pdices, as Bullion stabilised early yesterday. Campbell Red Lake put on $¼ to $47½ and Homestake Mining $1⅞ to $49¼.

Orion Capital gained $1 to $18¼ and Clorox $1 to $12. Both are subject to periodic take-over speculation.

THE AMERICAN SE Market Value Index edged up 0.61 to 337.90 at 1 p.m. on volume of 3.22m shares (3.05m).

Closing prices for North America were not available for this edition.

Canada

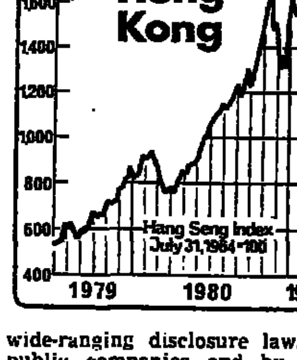
Stock prices retained a firming tendency early yesterday in fairly active dealings. The Toronto Composite Index recovered 7.6 more at 2,182.9 at noon, while Golds picked up 26.7 to 3,689.5 and Oil and Gas 16.9 to 4,227.8. In Montreal, Banks put on 2.02 to 406.00.

Gulf Canada rose ⅛ to C$25⅜ on 78,450 shares in Toronto. Gulf has an interest in a well off Newfoundland which encountered possible hydrocarbon bearing sands.

Hong Kong

Prices on the Hong Kong stock market fell steeply yesterday in further decreased trading, with the Hang Seng Index losing 67.42 to 1,392.43, making a more than 250-point fall since the Chinese New Year holiday on February 6, writes Adrian Boven in Hong Kong.

The market was affected by the announcement on Tuesday that the Government will impose



wide-ranging disclosure laws on public companies and by continuing high interest rates. Hong Kong's best lending rate currently stands at 17 per cent.

Brokers also reported that institutional buyers have pulled out of the market and that major property developers are selling shares to line up cash in order to bid for development rights above the stations in a new underground railway line on Hong Kong Island.

Turnover on the four exchanges was down to HK$379.96m from Wednesday's HK$427.48m.

Tokyo

Stocks mainly lost ground in another fair business, with Pharmaceuticals, Machine Tools and Oils retreating sharply. However, fresh foreign buying lifted some Light Electricals, Electric Powers, Heavy Electric Machines and a few other Blue Chips.

The Nikkei-Dow Jones Average declined 40.36 to 7,094.03 and the Tokyo SE index 1.03 to 509.16, while falls on the First Market section outpaced gains by 400 to 280. Volume came to 360m shares (340m).

In the Pharmaceuticals sector, Takeda fell Y20 to Y870, Tanabe Y35 to Y795 and Daiichi Y30 to Y918.

Okuma Machinery dipped Y30 to Y822, Hitachi Seiki Y35 to Y420, Tsugami Y21 to Y518, Maruzen Oil Y25 to Y320, Arabian Oil Y50 to Y2,950, Taikoku Oil Y39 to Y981 and Toa Nenryo Y27 to Y850.

Coals, Papers, Textiles and speculatives eased, but housings, Cements, Optical Fibre makers and some Motors where higher.

Matsushita Electric rose Y16 to Y915, Toyota Motor Y7 to Y772, Hitachi Y4 to Y341, Victor Japan Y70 to Y2,900, Sony Y50 to Y3,520 and Kansai Electric Power Y8 to Y938.

Germany

Shares generally softened in quiet trading on profit-taking by professional traders and in the absence of any fresh foreign buying. The Commerzbank index eased 3.9 to 670.7.

Banks lost part of their recent sharp rise, Deutsche receding DM 1.40 and Commerzbank DM 3. Dresdner were quoted ex-rights at DM 156.

Degussa, the Precious Metals company, shed DM 4.50 to DM 228.50 in the wake of falling Gold prices.

The Steels sector was higher, however, paced by a jump of DM 3 to DM 59 by Krupp. Thyssen rose DM 1.70 and Thyssen Industrie DM 1.50. The rises came after news that West German Chancellor Helmut Schmidt intends to press strongly for reductions in steel subsidies in the European Community at the EEC summit later this month.

Johannesburg

Gold shares closed easier but mostly off their day's lows, although Heavyweights still showed losses of up to 200 cents, as in Hartles, at R60.00.

Dealers said a shortage of scrip and the weak Financial Rand, which closed ¾ lower at 88¼ U.S. cents, are factors giving some support to Gold shares despite the heavily depressed Bullion price.

Australia

The overnight fall in the Gold Bullion price caused renewed weakness in Gold shares, while other Minings and the Oils sector were mixed with an easier bias. However, Industrials were firmer for choice.

Among Gold Minings, Central Norseman shed 30 cents to A$6.20, GMK 40 cents to A$5.70, Poseidon 10 cents to A$3.85 and Emperor 15 cents to A$1.85.

Elsewhere in Minings, Peko-Wallsend dipped 26 cents to A$7.50, CRA 8 cents to A$4.12 and Oakbridge 7 cents to A$2.25, but Hamersley advanced 15 cents to A$3.00, Bougainville 5 cents to A$1.55 and Western Mining 4 cents to A$4.57.

Overall market leader BHP, depressed of late by its rights offer, regained 30 cents more at A$12.70.

EMI continued to improve on the strength of merger plans with Thorn, adding 10 cents at A$1.80 after Wednesday's rise of 20 cents.

CANADA

Stock	Mar. 4	Mar. 3
Abitibi	32	31⅞
Agnico Eagle	12	12½
Alcan Alumin	41¼	40⅝
Algoma Steel	43	42½
Asbestos	27½	27¾
Bk Montreal	30⅝	30⅞
Bk Nova Scotia	31	30⅝
Basic Resources	10⅞	10¾
Bell Canada	18⅞	18⅞
Bow Valley	17¾	18
BP Canada	41¼	42
Brascan A	31¾	32
Brinco	10¼	10⅛
B. C. Forest	15⅞	15½
CadillacFairview	25¾	25⅜
Camflo Mines	33½	33¾
Can Cement	13½	13½
Can NW Lands	32	33
Can Packers	33¾	33¼
Can Perm Mtg	19⅞	19½
Can Trusco.	28	28
Can Imp Bank	30¾	30⅝
Cdn Inds	33¼	33¼
Cdn Pacific	42½	42¼
Can P. Ent.	23⅛	23¼
Cdn Tire	30	31
Cherokee Res	8	8
Chieftain	21½	21⅛
Cominco	65½	64½
Cons Bathst A.	25⅞	26½
Coseka Res	20¼	20¼
Costain	9⅞	9¼
Daon Devel.	10½	10½
Denison Mines	49½	50
Dome Mines	85½	85
Dome Petroleum	77¾	77⅛
Dom bridge	21⅞	21½
Dom Foundries A	41	41
Dom Stores	23½	23½
Domtar	30	30
Falcon Nickel	93½	92¼
Genstar	37⅛	37¼
Gt.-West Life	225	225
Gulf Canada	25⅛	24⅝
Gulfstream Res	8⅞	9⅛
Hawk Sid. Can	23¼	22¾
Hollinger Argus	49	49
Hudson Bay Mng.	30½	30½
Hudson's Bay	25⅛	25⅛
do. Oil & Gas	22⅞	22⅞
Husky Oil	16½	16½
IAC	11¾	11⅝
Imasco	32	31¾
Imp Oil A	31⅝	31½
Inco	23⅛	23⅛
Indal	14½	14½
Inter. Pipe	15	15
Mac Bloedel	38¼	38¾
Marks & Spencer	9	9⅛
Massey Ferg	4.65	4.65
McIntyre Mines	56	56
Merland Explor	8½	8½
Mital Corp.	20½	19⅞
Moore Corp	39½	39½
Mountain State	13¾	13¾
Nat. Sea Prods A.	12	13
Noranda Mines	26½	26⅛
Nthn. Telecom	34¼	33⅝
Oakwood Pet	19	18½
Omni	3.35	3.40
Pacific Copper	3.50	3.45
Pan can Petrol	88	87
Patino	45	45
Placer Dev.	21¾	21¾
Power Corp	21⅜	21½
Quebec Strgn	4.90	5.00
Ranger Oil	17½	17⅝
Reed Stenhs A	12	12
Rio Algom	32¾	33
Royal Bank	59⅞	59½
Royal Trustco A	20	20
Sceptre Res	15⅝	15
Seagram	67	66½
Shell can Oil	24⅝	24½
Steel of Can A	36¼	36
Teck B	17⅛	17¼
Texaco Canada	22⅞	22⅞
Thomson News A	21⅛	21½
Toronto Dom Bk.	33⅞	33½
Transcan Pipe	25¼	25¾
Trans Mntn. Oil A	12½	12⅝
Utd Sisco Mines	19¼	19⅝
WalkerHrm(C.H.)	27¼	27⅛
Warrior Res	6.75	6.25
Westcoast Trans	14⅞	14⅞
Weston (Geo)	32½	31½

AUSTRIA

Mar. 5	Price %	+ or —
Creditanstalt	336	......
Landerbank	336	......
Perlmooser	250	+2
Semperit	102	......
Steyr Daimler	233	—2
VeitscherMag	260	+2

BELGIUM/LUXEMBOURG

Mar. 5	Price Frs.	+ or —
ARBED	1,190	......
Banq Int A Lux	5,000	......
Bekaert B	1,376	......
Ciment CBR	902	......
Cockerill	172	......
EBES	1,665	—10
Electrobel	3,055	+20
Fabrique Nat	1,640	+10
G.B. Inno	1,995	+45
GBL (Brux L)	950	+20
Gevaert	1,350	+50
Hoboken	2,360	—50
Intercom	1,300	—16
Kredietbank	4,910	......
Pan Hldgs	4,800	—30

BELGIUM (continued)

Mar. 5	Price Frs.	+ or —
Petrofina	4,820	+40
Royale Belge	4,500	......
Soc Gen Banq.	2,200	—5
Soc Gen Belge	1,278	—10
Sofina	2,700	......
Solvay	2,220	—65
Traction Elect.	2,110	......
UCB	1,198	+54
Union Miniere	710	+10
Vieille Mont.	998	......

DENMARK

Mar. 5	Price %	+ or —
Andelsbanken	129.6	......
Baltica Skand.	366	+2
CopHandelsbank	132	......
D. Sukkerfab	381	+5
Danske Bank	127	......
East Asiatic	115	+0.4
Finansbanken	174	+1
Forenede Brygg.	337	+6.8
Forende Dampsk	277	+4.4
GNT Hldg	203	+0.4
Nord Kabel	173	+2
Novo Ind	800	+5
Papirfabrikker	101	—2
Privatbanken	135.6	......
Provnsbanken	133	......
Smidth (Fl)	312	+7
S. Berendsen	645	+5
Superfos	130.2	......

FRANCE

Mar. 5	Price Frs.	+ or —
Emprunt 4½% 1973	2,391	—34
Emprunt 7% 1973	7,525	—69
CNE 3%	3,076	+26
Afrique Occid.	488	+4
Air Liquide	496	—4
Aquitaine	1,200	+27
Au Printemps	118	+1.1
BIC	449	+2
Banq' Rothschild	159.2	+0.2
Bouygues	681xd	+9
BSN Gervais	1,030	......
Carrefour	1,770	—5
Club Mediter	412	—1
CGE	390	—2
CSF (Thomson)	373	+9
Cie Bancaire	360	—4
Cie Gen Eaux	346.5	+3.3
Cofimeg	141	......
CCF	207	—1
Creusot Loire	84.5	+1.6
CFP	227.5	+6.5
DNEL	31.8	—0.5
Dumez	916	+13
Ferodo	273	—1.1
Gen.-Occidental	401.9	+1.9
Imetal	75	......
Lafarge	282.1	—1.4
L'Oreal	657	+8
Legrand	1,590	—5
Machines Bull	57.9	+0.1
Matra	2,100	—25
Michelin B	678	—15
Moet-Hennessy	484	—4
Moulinex	81.5	+1.8
Paribas	232	......
Pechiney	95.7	+1.7
Pernod Ricard	303.5	—0.1
Perrier	166.1	+4.1
Peugeot-SA	131	—1.5
Poclain	185	+5
Radiotech	216	—4
Redoute	588	+12
Rhone-Poulenc	93	......
Roussel-Uclaf	200	+7
St. Gobain	135.9	+1.8
Skis Rossignol	542	—3
Suez	329.9	+15.9
Telemech Elect.	1,194	+14
Thomson Brandt	224	—1.7

GERMANY

Mar. 5	Price Dm.	+ or —
AEG-Telef	60	—2
Allianz Vers	452	—2
BASF	123	—1.1
BAYER	109.9	—0.4
Bayer-Hypo	189	—1.5
Bayer-Verein	282	—3.5
BHF-Bank	180	—1
BMW	152.3	......
Brown Boveri	240	+0.8
Commerzbank	131.5	—3.0
Conti Gummi	58.1	—0.9
Daimler Benz	265.5	—2.5
Degussa	228.5	—4.5
Demag	128	+1
D'sche Babcock	171	—1
Deutsche Bank	286.3	—1.4
DU Schult	140	......
Dresdner Bank	156xr	......
Dyck Zement	120	......
GHH	179.8	—0.7
Hapag Lloyd	62	+0.5
Hoechst	115.2	—0.2
Hoesch	26.7	+0.2
Holzmann (P)	370	......
Horten	136	—3
Kali und Salz	217	—1.5
Karstadt	180	......
Kaufhof	157	—3
KHD	166	+0.3
Kloeckner	55.6	—1.5
Krupp	59	+3
Linde	300.5	—1.5
Lufthansa	60	+1.5
MAN	167	......
Mannesmann	126.9	+0.4
Mercedes Hlg	230	—2
Metallgesell	315.5	+0.5
Muench Ruck	669	+9
Preussag	132	—0.2
Rhein West Elect	163.2	—0.8
Rosenthal	291	......
Schering	243.5	—4.3
Siemen	247.7	—0.6
Thyssen	75	+1.7
Varta	161.5	—1.5
Veba	124.3	—0.7
Verein-West	285	—1
Volkswagen	149	—0.5

HOLLAND

Mar. 5	Price Fls.	+ or —
ACF Holding	74	—0.5
Ahold	73.2	+0.2
AKZO	17.4	—0.2
ABN	283	+3
AMEV	92	+0.4
AMRO	54.9	—0.2
Bredero Cert	209	+3
Bos Kalis	79	—1.5
Buehrmann-Tet	55.6	—0.4
Caland Hldgs	29	—0.2
Elsevier	136.5	—1.5
Ennia	145	+1
EuroCom Tst	76	......
Gist. Brocades	57.6	—0.2
Heineken	55.5	—2.1
Hoogovens	17.9	+0.1
Hunter Douglas	11.6	—0.4
Int-Muller	14.3	+0.1
KLM	77	+2.3
Naarde'n	20.7	+0.2
Nat Ned Cert	125.3	+0.8
Ned Cred Bank	45	—0.1
Ned Mid Bank	185	+4
Nedlloyd	114.8	—1.8
Oce Grinten	89.3	—0.5
Ommeren (Van)	31.5	—0.1
Pakhoed	38.2	—0.3
Phillips	18.2	—0.1
Rijn-Schelde	38.8	—0.2
Robeco	221	+1.4
Rodamco	112.8	—1.2
Rolinco	216.5	+0.3
Rorento	123.3	+0.2
Royal Dutch	103.1	+0.4
Slavenburg's	140	+8
Tokyo Pac Hg	216.5	+1
Unilever	133.8	—0.8
Viking Res	151.5	......
VMF Stoak	30.3	......
VNU	74.6	—0.4
Volker-Stevin	23.1	—0.3
West Utr Bank	174.5	......

ITALY

Mar. 5	Price Lire	+ or —
ANIC	12.5	—1
Assicur Gen.	59,000	—4,500
Banca Com'le	69,950	—2,050
Bastogi Fin	720	+8
Centrale	45,550	—650
Credito Varesino	19,190	—430
Fiat	2,269	—30
Finsider	93	—2.75
Invest	4,680	—110
Italcementi	45,100	—140
Italsider	303	—16
Montedison	241	+9.5
Olivetti	4,155	—45
Pirelli Co.	4,690	—70
Pirelli Aps	1,730	—40
Snia Viscosa	1,313	+3
do. do. Priv.	1,014	......
Toro Assic.	36,500	—2,500
do. Pref.	35,950	—1,670

NORWAY

Mar. 5	Price Kroner	+ or —
Bergens Bank	110	—15
Borregaard	98	......
Creditbank	127	......
Elkam	82.5	......
Kosmos	460	......
Norsk Hydro	465	......
Storebrand	160	......

SWEDEN

Mar. 5	Price Kroner	+ or —
AGA	204	+2
Alfa-Laval	157	+1
ASEA	105	+3
Atlas Copco	95.5	+0.5
Bofors	243	+1
Cellulosa	168	......
Electrolux	86	......
Ericsson	136	—2
Esselte	135	—3
Fagersta	97	—2
Mo och Dom	161	—2
Saab-Skania	107	—1
Sandvik	220	......
Skandia	330	—5
Skan Enskilda	165	+2
SKF	114	+1
St. Kopparberg	265	+3
Sven Handelsbn.	73	+1
Swedish Match	108	—1
Uddeholm	57	—1
Volvo	100	+1

Indices

NEW YORK —DOW JONES

	Mar. 4	Mar. 3	Mar. 2	Feb. 27	Feb 26	Feb. 25	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	971.44	966.02	977.99	974.58	966.81	954.40	1004.69 (6/1/81)	759.13 (21/4)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	62.14	61.95	62.14	62.04	62.09	62.58	76.61 (25/6)	60.96 (18/12)	—	—
Transport	404.34	395.97	398.70	392.54	390.52	385.75	425.68 (28/11)	235.69 (27/3)	425.68 (28/11/80)	12.25 (8/7/32)
Utilities	108.37	108.08	108.11	106.43	105.49	105.47	117.81 (5/1/81)	86.04 (27/3)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's	47,280	48,750	47,710	53,210	60,380	45,710	—	—	—	—

◆Day's high 980.70 low 959.47

	Feb. 27	Feb. 20	Feb. 13	Year ago (approx
Ind. div. yield %	5.66	5.87	5.87	6.02

STANDARD AND POORS

	Mar. 4	Mar. 3	Mar. 2	Feb. 27	Feb. 26	Feb. 25	1980/81 High	1980/81 Low	Since Cmpil't'n High	Since Cmpil't'n Low
‡Indust'ls	148.53	148.24	150.12	148.27	147.98	146.05	160.96 (28/11)	111.09 (27/7)	160.96 (28/11/80)	3.52 (30/6/32)
Composite	130.86	130.56	132.01	131.27	130.16	128.52	140.52 (28/11)	98.22 (15/2/80)	140.52 (28/11/80)	4.40 (1/6/32)

	Feb. 25	Feb. 18	Feb. 11	Year ago (approx
Ind. div. yield %	4.46	4.67	4.57	5.07
Ind. P/E Ratio	9.11	9.11	9.07	8.04
Long Gov. Bond Yield	12.75	12.68	12.81	12.61

N.Y.S.E. ALL COMMON

Mar. 4	Mar. 3	Mar. 2	Feb. 27	1980/81 High	1980/81 Low
74.98	74.83	75.56	75.13	81.02 (28/11)	55.30 22/1/80

Rises and Falls	Mar. 4	Mar. 3	Mar. 2
Issues Traded	1,876	1,893	1,907
Rises	795	623	911
Falls	680	879	650
Unchanged	401	391	346
New Highs	68	85	98
New Lows	13	8	12

MONTREAL

	Mar. 4	Mar. 3	Mar. 2	Feb. 27	1980/81 High	1980/81 Low
Industrials	362.57	360.84	361.67	361.38	425.90 (29/2/80)	323.31 (27/3)
Combined	344.77	343.02	344.69	343.98	378.96 (28/10)	286.99 (27/3)
TORONTO Composite	2175.0	2167.6	2179.9	2179.5	2402.2 (28/11)	1702.5 (27/3)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
LTV	958,100	23¾	+⅜
US Steel	753,600	31⅛	+1¼
Bethlehem Steel	639,700	29⅛	+2¼
Sunbeam	628,800	19¾xd	+1⅛
Sony	624,500	16⅞	+⅞
Trans World	588,200	20⅛	+1
Sears Roebuck	567,400	18	+⅛
N'west Airlines	522,300	29¾	+⅞
Royal Crown	488,200	14⅛	+1⅛
Northwest Inds.	438,700	44	+2

	Mar. 5	Mar. 4	Mar. 3	Mar. 2	1980/81 High	1980/81 Low
AUSTRALIA						
All Ord. (1/1/80)	646.2	645.8	642.8	650.1	746.2 (17/11)	509.1 (3/1/80)
Metal & Minrls. (1/1/80)	559.0	559.6	564.9	566.1	818.0 (17/11)	492.3 (28/3)
AUSTRIA						
Credit Aktien (2/1/62)	65.19	65.37	65.31	65.57	69.40 (7/1/80)	65.19 (5/3/81)
BELGIUM						
Belgian SE (31/12/63)	85.28	85.38	84.48	84.50	105.75 (11/2/80)	82.42 (7/1 81)
DENMARK						
Copenhagen SE (1/1/73)	107.17	106.07	105.21	104.88	107.17 (5/3/81)	74.79 (5/5)
FRANCE						
CAC General (29/12/61)	110.2	110.0	110.0	109.3	120.3 (5/11)	97.1 (3/1/80)
Ind Tendance (31/12/80)	102.8	102.3	102.4	102.6	102.8 (5/3/81)	95.4 (27/1/81)
GERMANY						
FAZ-Aktien (31/12/58)	217.45	218.45	217.46	216.23	238.89 (25/2/80)	212.73 (28/3)
Commerzbank/Dec.1953	670.7	674.6	669.9	(u)	749.2 (25/2/80)	668.4 (16/2/81)
HOLLAND						
ANP-CBS General (1970)	88.0	87.9	88.5	89.5	90.5 (26/2/81)	74.0 (27/3)
ANP-CBS Indust. (1970)	64.3	64.8	65.1	65.7	69.2 (11/1/80)	58.2 (28/3)
HONG KONG						
Hang Seng Bank (31/7/64)	1392.43	1459.85	1420.05	1451.84	1654.57 (13/11)	738.9 (18/3)
ITALY						
Banca Comm. Ital (1972)	227.25	232.68	235.10	238.47	238.47 (2/3/81)	85.11 (2/1/80)
JAPAN						
Dow Average (16/5/49)	7094.03	7134.39	7137.12	7155.68	7322.08 (2/2/81)	6475.93 (27/3)
Tokyo New SE (4/1/68)	509.16	510.19	508.30	508.71	511.94 (2/2/81)	449.01 (18/3)
NORWAY						
Oslo SE (1/1/72)	122.60	124.16	123.29	121.3	144.70 (14/2/80)	110.12 (28/3)
SINGAPORE						
Straits Times (1966)	808.13	781.90	780.57	805.40	809.58 (4/3/81)	429.75 (3/1/80)
SOUTH AFRICA						
Gold (1958)	(u)	574.7	583.3	619.9	1026.1 (23/9)	496.5 (18/3)
Industrial (1958)	(u)	564.8	568.9	572.4	680.5 (6/11)	458.0 (2/1/80)
SPAIN						
Madrid SE (30/12/80)	111.04	111.85	112.85	(c)	114.28 (17/2/81)	100.0 (30/12/80)
SWEDEN						
Jacobson & P. (1/1/58)	471.62	471.15	475.30	470.20	475.30 (18/2/81)	334.72 (17/1/80)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	294.6	295.4	294.0	293.7	317.9 (11/2/80)	275.0 (28/3)
WORLD						
Capital Intl. (1/1/70)	—	153.9	152.4	154.3	164.0 (20/11)	120.5 (27/3)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. (c) Closed.

Newman Industries tries to get back on course

By Ray Maughan

JOHN WILLIAMS is looking for a chief executive. The new man, when he is found, will be managing what Mr. Williams describes as a mixture of growth businesses, mature activities which should be producing cash yet somehow don't and others which he freely admits are "nonsense" businesses.

Coming from a professional manager such as Mr. Williams, the confession that some of his mature companies cannot generate liquid funds and that others are "nonsenses" is odd to say the least. But he has had an extraordinary inheritance. He has been chairman of Newman Industries since July last year.

Mention of the name probably invokes two memories. Freshest would be the long legal battle conducted by Prudential Assurance against the former chairman of Newman, Mr. Alan Bartlett. Setting a laudable example to its institutional peers, the Pru took up the cudgels on behalf of shareholders in the search for redress against complicated transactions undertaken by Mr. Bartlett and other associates. The cost to the Pru, in relation to the sums at stake, was very high but it did eventually succeed. The other Newman directors, moreover, forced Mr. Bartlett to leave in March last year.

That memory will be refreshed this month when Mr. Bartlett appeals against the court's ruling in the Pru action and also appeals on the grounds of wrongful dismissal.

On a dustier note, those with greater recall may remember Newman's proud boast in the 1960s that it produced one in three electric motors in Britain.

The profits record was a little erratic in those days but Newman clearly held an important stake in what was a broadly established market. Since then it has added two major new strings to its bow, fasteners and ceramics, but it was forced to cede control last year to a Hong Kong group for just £8m in a desperate search for working capital. Newman was losing money at a fearsome rate and was so strapped for liquid funds that it was forced to hold on to loss-making subsidiaries simply because *it could not afford to* close them.

Many of the causes of what happened to one of the leaders in a solid market in the course of a little more than a decade can probably be attributed to external reasons. Import penetration, a high rate of domestic inflation relative to major competitors abroad and big strikes in principal supplier and customer industries in the recent past have wounded scores of previously thriving concerns.

It is clear that Newman paid a great deal of money for a series of acquisitions, only some of which will show growth or stand a chance of doing so while others will manifestly struggle to reach an acceptable return if they cannot be sold or closed. But, *other than the observation* that the acquisition of Ceramix Inc in the U.S. was "completely *badly timed*," Mr. Williams has not attempted to rake over cold ashes.

But he does give some indica*tion of how* and where he will *attempt to spearhead Newman's* revival, which operations can be run as cash cows and, by a process of crude elimination, those activities at which Mr. Williams—a career executive before open heart surgery cut short a long stay at BOC International—can only *shake his head and wonder.*

Within weeks of taking the chair, he was able to tell shareholders at the August annual meeting last year that "I feel able to see continuing relative strength with Avdel."

Newman bought Avdel in 1978 and the deal was financed principally by a placing of £3.5m 10½ per cent cumulative preference shares and a rights issue of 5.55m new ordinary shares at 74p per share. In the two succeeding years it contributed by far the greatest proportion of group profits, with £4.06m and £4.05m from totals of £8.71m and then £4.37m.

It started life in 1936 manufacturing "blind rivets" for the aircraft industry and has since grown into a worldwide production and sales group providing a wide range of fastening systems and the means of installing them to a broad spread of industries throughout the world from factories in Hemel Hempstead and Warrington.

Williams says that Avdel's operations need some simplification but he is confident that he won't have to spend much, if anything, to catch up with the state of the art in this area and "we can start in the fast lane."

The core of the group was electric motors at Yate, Avon, but making only £179,000 in 1979 and £1.61m before that, the division's importance has long been surpassed in profit terms, and even in sales.

Newman, the chairman believes, "has a super name" for a variety of industrial squirrel cage motors, including flame proof and vertical hollow shaft motors, and over 45 per cent of production is exported. Mr. Williams has concluded that the *division does* not need much, if any, research and development, net working capital and new investment.

"People have been saying for 20 years that electric motors will finish tomorrow," he *observes*, "and *others* think that they have only to lean on Newman and it will go, but I think this is wrong." Looking at the competition—which in Britain comprises GEC and Hawker Siddeley's Brush and Crompton-Parkinson subsidiaries—it seems at least possible that Newman could be crushed between two opposing giants in this area. But Mr. Williams comforts himself with the knowledge that electric motors is "a very conservative business, not in the latest fashion."

He thinks the division, therefore, can keep abreast of the market without massive capital backing and should be generating a positive cash flow.

He applies the same targets to the ceramics division, which is primarily the Grindleys of Stoke group and its subsidiaries. This is the principal loss-maker with a deficit of £1.13m in 1979 before tax and interest.

"We are not successful here," the chairman concedes, "*but* ceramics is a typically mature business which for many people over the years has been cash positive."

He does not have much option other than to persist with Grindleys, anyway. "We can't sell it and we can't slim it," he admits, "there is not much market for Victorian buildings in Stoke." What he cannot understand, however, is the Ceramix Inc. deal. Acquired for £1.69m mostly in cash at the beginning of 1980 (after a year in which taxable profits for the group as a whole had slumped from £6.22m to £378,000) the "Ceramix affair is one I still haven't bottomed," Mr. Williams says. "I am convinced that the logic of the purchase from Maddock would only arrive if I spent the same cash that the Pru spent on the court case."

Roger Taylor

Mr. John Williams: in search of a chief executive.

The engineering products division had halved its profits between 1977 and 1979 to £1.28m and, typically, the chairman sees varied prospects for *different parts* of a varied range. The two aluminium *foundries* are apparently doing quite well, Dover Engineering has a large export potential for its inspection and manhole covers and H. J. Maybrey is sitting in parts of the market for alloy die and sand castings which the competition has not penetrated.

Against that, the hydraulic rollers business is not thought to have a long-term future within Newman and the water cooling, solid handling, valves and flexible drives businesses are under-performing, Mr. Williams says, and he would accept a reasonable price for them.

That, in a nutshell, is how Mr. Williams sees Newman's principal operations today and how he perceives their future. But he would be less than fair to the chief executive he eventually recruits if he did not highlight the problems that lie ahead.

The financial problem is considerable, the new man will be told, but "quite straightforward, relatively speaking." The group made a small profit in the first half of 1980 but the scale of its third quarter deficit will ensure that it suffers a loss for the year as a whole. Its shareholders' funds at December, 1979, amounted to £18.5m but borrowings had reached £26.7m by October 10 last year.

The recently appointed finance director, Mr. Peter Hughes, is still struggling to bring the group's budgeting procedures and cash controls up to scratch. The injection of a little over £8m by the Hong Kong distribution and trade group, Cycle and Carriage, will clearly help considerably but Mr. Williams and Mr. Hughes know full well that *the group* "is on a tight string from which the Far East deal did not release us."

Their first target has been stocks. Mr. Williams says that the group was "bemused" by inadequate facilities and raised borrowings in the first half of last year which was translated immediately into stock. He says that he introduced a breath of "reality" from September onwards and stocks came down in the last quarter.

The Hong Kong interest will rise from just over 49 per cent to over 50 per cent on stock conversion but the team assembled by the new chairman will exert full executive control. Their first and possibly most important test is in the first quarter of this year and the incoming managing director will therefore be too late to participate.

Business, as its modern exponents never tire of telling anybody prepared to listen, is about people and it may be here that the new management at Newman faces its most critical examination.

It probably will not help Newman, its employees, customers or shareholders to delve too deeply into the personalities and methods of previous management but it does matter that Mr. Williams talks of the "veil of opacity and confusion which is put over middle management," the "great layers of resistance" he encountered when he tried to get round to see the group's operations, the "*immense emotional* separation" which isolates each manufacturing plant.

Mr. Williams is confident—"I believe we're going to win," he asserts. But whoever parks his car in the berth alongside his *in the company car park* should be aware that while "what should be done is obvious, what will be done is uncertain and whether it succeeds is unclear." Any offers?

FINANCIAL TIMES SURVEY

Friday March 6 1981

IRELAND

Two leaders meet—Mrs. Margaret Thatcher with Mr. Charles Haughey, Ireland's Prime Minister

Faced with the prospect of a general election perhaps as early as September, the Irish Goverment has so far avoided taking unpopular and harsh decisions necessary to deflate the economy, according to most Dublin observers.

The polls still put Haughey ahead

By Stewart Dalby

IRELAND, rather like the U.S., *has seemed to get itself into a* state almost of continual elections, or election fever. In recent years parliaments have tended not to run their full five-year course, and general elections have been called every four years or so.

The fact that in the second half of their term of office governments have had one eye on the forthcoming elections has influenced the policy decisions they have taken. To give just one example, most noted economic commentators in Dublin believe that Mr. Charles Haughey's team has avoided taking the unpopular, harsh decisions necessary to deflate the economy because this could lose votes at the next poll.

Constitutionally, Mr. Haughey is obliged to call the next general election by the middle of 1982, but there has been much intense speculation that he will go to the polls earlier. To a large extent, these rumours rest on the belief that at some stage the Government will have to do something about the country's large balance-of-payments deficit on current account and its enormous borrowings. Better, it is argued to get the elections out of the way and then administer the nasty medicine which could result in falling incomes and disillusion the high expectations built up when the economy was in a boom period in 1978 and 1979.

It had been suggested that Mr. Haughey would go to the country either in May or June of this year. However, the annual party conference in February was overshadowed by an appalling tragedy in Dublin when 44 young people were killed in a discotheque fire.

The *Ard Fheist* (annual conference) had to be postponed and the opportunity to prepare the party faithful for manning the electoral barricades had gone.

Rumours suggested the autumn, particularly September, as the most probable date, but the timing of a general election is the sole prerogative of the Prime Minister—and he could decide to hang on until 1982.

One of the reasons the next election is of more than usual interest is that Mr. Haughey has been Prime Minister for only a little over a year, having tried to win the job for the previous 14 years. Mr. Haughey's rise to the premiership is a remarkable story of a reversal of fortunes.

In 1970 Mr. Haughey was disgraced and humiliated because of his alleged involvement in a conspiracy to import arms into the Republic. He was acquitted in the courts but dismissed from his powerful job as Minister of Finance by the then Prime Minister, Mr. Jack Lynch. When Mr. Lynch decided to retire in December, 1979 after a second stint as Prime Minister and following by-election reverses, Mr. Haughey although only the Minister for Health and Social Welfare, was in a position to try for the leadership.

The ruling Fianna Fail party then, as now, with 82 seats has a record majority of 15 over all the other parties in the 148-seat *Dail* (parliament). There was no prospect that Mr. Lynch's resignation would lead to an immediate general election. But the contest for the top job was bitterly fought.

Adversary

Running against Mr. Haughey was his old adversary, Mr. George Colley. Mr. Colley, who was Deputy Prime Minister, was seen as the candidate of the mandarins of Dublin—men like Mr. Jack Lynch and most of the Cabinet. Mr. Haughey was viewed as the man of the backbenchers, particularly by those from the seats in the west of the country. These deputies had become fretful about their seats in the light of the economic downturn and the falling incomes of the farmers. Also, generally speaking, they were far more Republican than the urban deputies.

The party split very badly, with Mr. Haughey winning the contest by 44 votes to 38 and he has since had the task of healing the rifts in the party. At the next general election he will be out to prove that he can be elected as leader by the country as a whole and not by just one half of the Fianna Fail parliamentary party.

The next election will, like the previous one, turn on the two basic issues of Northern Ireland and the economy. Mr. Haughey will probably want to fight on the Northern Ireland issue.

BASIC STATISTICS

Area	70,000 sq km
Population	3.36m
GDP (1979):	Ir£7.23bn
	U.S.$14.99bn
Per capita:	Ir£2,180
	$4,494
TRADE (1980)	
Exports	Ir£4.2bn
Imports	Ir£5.3bn
Exports to UK	£1.784bn
Imports from UK	£2.660bn
Currency, the punt:	£=Ir£1.276
Inflation rate pa:	18.2% (1980)
Foreign exchange reserves:	U.S.$2.57bn

It is always difficult to gauge the strength of nationalist or republican feeling in Ireland. Mr. Lynch is said to believe that although the 1977 election campaigns were dominated by economic issues he thought it was Fianna Fail's stronger nationalist line which swung the day. Republicanism continues to be intensely felt, even by those too young to remember British rule.

Fianna Fail is the party of Mr. Eamon De Valera and the others who opposed the treaty which partitioned Ireland in the early 1920s. When Mr. De Valera became Prime Minister he was to introduce a constitution which claimed the six counties of Ulster—in other words, reunification.

Mr. Haughey has impeccable republican credentials: in 1970 there were the legal skirmishes over the gun-running allegations: he is the son-in-law of the late Mr. Sean Lemass (a former prime minister), who fought in the 1916 rising. Since becoming Prime Minister, however, Mr. Haughey has epitomised the case of poacher turned gamekeeper. He has brought in tougher security cooperation with British forces in Northern Ireland. He has refrained from making political capital out of the collapse of the British Government's attempt at political devolution in Ulster. He showed great delicacy and diplomatic finesse over the hunger strike issue just before Christmas. In the Common Market, Mr. Haughey has been a good friend to Britain.

As a result of all this Mr. Haughey signed with Mrs. Margaret Thatcher, the British Prime Minister, what he called the "historic" eight-point joint communiqué on December 8, 1980. This agreed that joint studies should be set up between the two governments to look at new institutional structures and closer ties and to examine the "totality of relationships within these islands."

In obtaining this apparently completely new approach to Northern Ireland from a British government, Mr. Haughey would seem to have scored a great coup. He has even suggested that although re-unification by peaceful means remains the long-term goal of Fianna Fail some kind of federal or confederal set-up might do for a start. He has moved into and taken over the ground held by Mr. Garret Fitzgerald, the leader of the main opposition party Fine Gael.

If the election were to be decided solely on Northern Ireland, Mr. Haughey would therefore appear to be streets ahead. This time there are to be 17 new seats, and the re-drawing of some boundaries should be especially helpful to Fine Gael, possibly adding as many as ten seats to the existing total of 45.

This time, however, the Labour Party, which has 17 seats, has decided not to enter a pre-election coalition pact. Ireland has a system of proportional representation. Transfers, after the first preferences are cast, are important, and both the main opposition parties could suffer from not organising candidates and transfers jointly.

More volatile

Another reason why the coming election is especially important is the youth and volatility of the electorate. Ireland has a rapidly growing population with half under the age of 25. The minimum voting age is now 18 so that every election throws up a crop of first-time voters. Many of these will possibly vote on economic issues.

The Government avoided a harsh budget in January. Although it raised indirect taxes on the old reliables, drink and cigarettes, it did not cut public spending as severely as many economists had urged.

Inflation will probably run at 15 per cent this year and the jobs outlook is none too clear. Unemployment went up 3 per cent last year to just over 10 per cent, but school leavers do not go on to the unemployment register nor do they qualify for social security payments until they have had a job. There must be many thousands of first-time voters who will vote on the basis of jobs and prices. Also the farmers, the traditional supporters of Fianna Fail, have been having a rough time as their incomes fell by 10 per cent in real terms over the past year.

The polls put Mr. Haughey and Fianna Fail ahead. The two coalition parties would need a collective 8 per cent swing to unseat the Government, but then most of the polls said the coalition would be re-elected in 1977. The volatility of the electorate both on economic and nationalist issues is something which cannot be measured.

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Harsh measures are needed to restore economic balance

IRELAND'S ECONOMY entered 1981 in hardly a robust condition. For most of last year inflation ran at over 18 per cent. The balance of payments deficit on current account was around Ir£700m having been Ir£740m the previous year but only a modest Ir£156m in 1978.

The public sector borrowing requirement predicted to be 10.5 per cent of GNP was missed by a mile and was 14.5 per cent of GNP. Some 30,000 people joined the unemployment register taking the total to 125,000. On a conservative basis this is equivalent to 10 per cent of the workforce.

Farmers, of whom there are 220,000 in the country, suffered a drop in income in real terms of between 7 and 10 per cent. According to one highly regarded economic institute, the Economic and Social Research Institute (ESRI), GNP grew by just 1 per cent last year, while private consumption is estimated to have fallen by 1.5 per cent.

If this litany of gloom sounds like an indictment of the Government for very poor management of the economy, it should perhaps be pointed out in defence of any Irish Government, not just the current one, that to a large extent Ireland is subject to forces outside its control.

Ireland has a small and open economy. Trade is now equivalent to more than 100 per cent of GNP. It has very few energy sources of its own, and needs to import 80 per cent of its energy. Some 70 per cent of this is increasingly expensive oil. The oil bill is now running at some Ir£800m, or nearly 10 per cent of GNP, and rising oil prices obviously stoke inflation.

Inflation is also imported in other ways. Ireland is trying to industrialise by attracting foreign companies predominantly in areas like engineering and electronics. Agriculture cannot supply the necessary jobs for a rapidly growing population, and only by pulling in new industries can Ireland solve its chronic unemployment problem and stop the departure of its people to Britain, the U.S. and elsewhere to look for work. But with only 3.4m people in Ireland there is no home market for new industries and very little scope for import substitution.

Export successes

The country is aiming for export lead growth and has done remarkably well. Exports have increased ten-fold in value terms in the past 10 years. Manufactured goods account for more than half the total of just over Ir£4bn. Moreover, the level of trade with the UK had dropped to around 43 per cent of total exports as new markets have been found in places like West Germany.

Pushing up its exports of manufactures also means importing components and other capital goods. This, allied to the fact that Ireland imports a great deal of what it consumes —goods such as cars, furniture and so forth — means that imports habitually outstrip exports and there is a large trade deficit, usually of well over Ir£1bn. If imports come from high inflation countries like the UK, they again help push up Ireland's domestic inflation, making the Government's influence yet more limited.

Having said all this, it remains true that most independent economists of note in Ireland are very concerned at the size of the current account balance of payments deficits which have sprung up and, related to these deficits, the size of the Government's indebtedness. The ESRI, for example, while forecasting that the economy could grow by almost 2 per cent this year also says that, if unchecked, the balance of payments deficit on current account could reach Ir£900m. Other forecasters have said the deficit could easily be higher and top the Ir£1bn mark.

Many economists feel that Ireland cannot sustain a deficit of this level. There would be great pressure for a devaluation of the Irish pound which became part of an effective exchange rate system, when the parity link with sterling was broken and Ireland joined the European Monetary System.

The Irish pound has held up well within the EMS, but this is largely because most of Ireland's trade is conducted in sterling or U.S. dollars. It is not a reserve currency and there is little point in speculation in it, and for a long time the Irish Central Bank managed the

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Investment record in grant-aided industry

ALTHOUGH 1980 was a year when most of Ireland's economic indicators ran backwards, the Industrial Development Authority (IDA) was able to report another record level of investment in grant-aided industry.

The original target was for schemes with an aggregate employment potential of 30,000 jobs to be approved during the year; this was easily exceeded. The IDA committed Ir£210m in financial assistance to these schemes—out of a total associated fixed asset investment of Ir£580m.

On past performance perhaps 60 per cent of those jobs would be expected to materialise in the end. One worry is that current economic difficulties might increase the failure rate a few years hence. The IDA has no such fears, and expects investment to remain buoyant in 1981 as a result of the efforts of the past.

The major focus in recent years has been on the electronics industry, with some impressive results. Foreign companies have invested over $700m in this field and employment is expected to be more than doubled over the next four years.

Costly business

Attracting key electronics companies to Ireland has proved expensive business. Plants such as Mostek and Fujitsu cost more per job than the Irish would normally budget, but the belief is that the others who follow will come somewhat cheaper. It has not all been success, though. Losing Nippon Electric to Scotland was a major blow.

IDA strategy has been to identify and concentrate on key development industries from an early stage. Executives are already working on the potential of bio-technology.

Development policy has produced a remarkable shift in the pattern of manufacturing investment. In 1966 so-called "new industry" accounted for 11 per cent of gross output and 9 per cent of employment. In 1976 the comparable figures were 52 per cent and 42 per cent respectively.

In recent years, though, the emphasis has switched somewhat from foreign-owned to domestic industry and from big to small. Of the 1980 job approvals over half were Irish-owned companies. A third were from small businesses, which in Irish terms means those with less than 50 employees.

There is evidence that these small industries are more resilient to recession and more adaptable than their bigger brethren. They occupy a growing place in the IDA's league table. But there are signs that more fundamental appraisals of development strategy may be on the way.

All the new jobs created have not succeeded in maintaining overall employment in the face of recession. Last year was the first since the introduction of the new industrial strategy that employment in manufacturing actually fell. Overall investment for the year was stagnant in volume terms.

The reason may well be—as the Confederation of Irish Industry and others maintain—that high unit cost increases are pricing Irish companies out of markets. But another problem has been the failure of Irish concerns to cash in on the opportunities provided by the arrival of new industries, thus making the whole programme less cost-effective than it could be.

Estimates in a recent IDA-sponsored study suggested that the potential spin-off business for the year 1976-77 was Ir£315m. But less than 20 per cent of this potential was actually taken up.

The introduction of a ten per cent corporation tax for manufacturing may improve this particular situation. The new tax replaces the system of tax exemption for exports and a 45 per cent rate for other manufacturers, a system which ran foul of EEC rules.

One disadvantage of the old system was that goods sent abroad for further processing qualified for tax exemption, while goods processed in Ireland did not. The IDA intends to promote the further processing of products in Ireland since these now share the same tax advantages as exports.

Strategy

But the debate on long-term investment strategy may really warm up this summer with the completion of a series of studies on industrial policy commissioned by the National Economic and Social Council (NESC), on which Government and both sides of industry are represented.

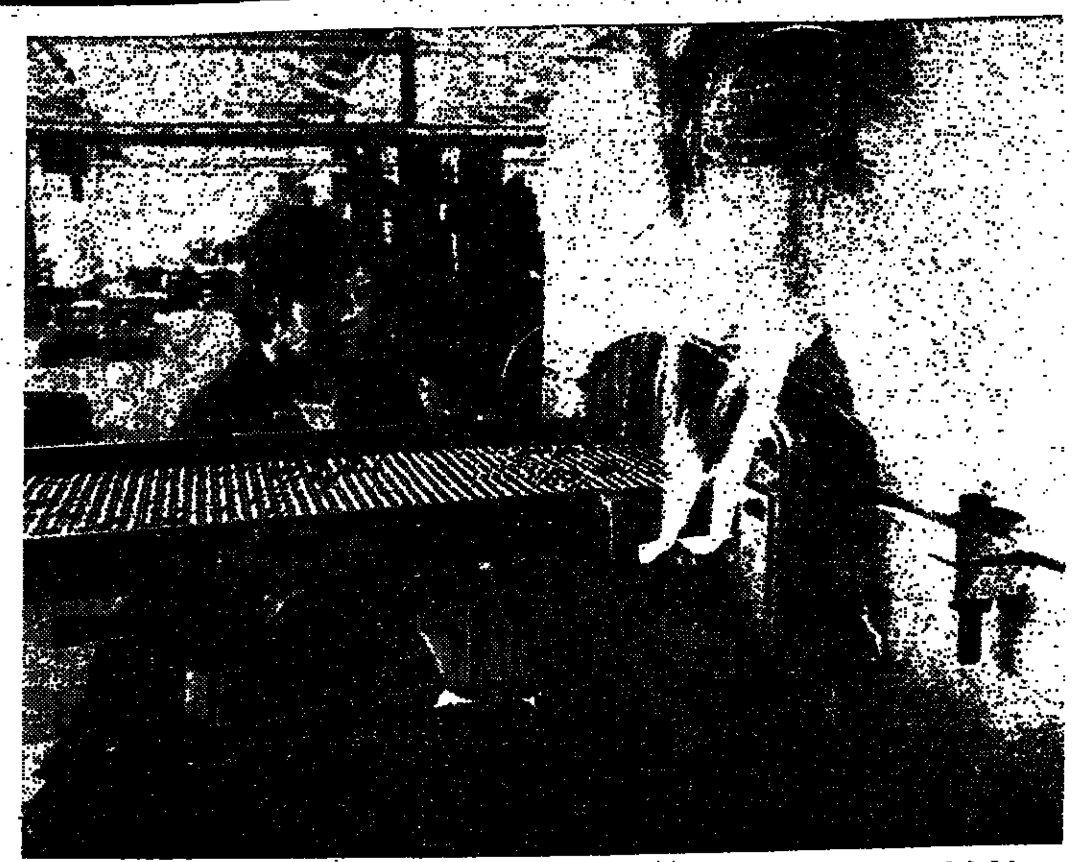
The first report, surveying the existing work, has already appeared and noted an absence of research on the role of the banks in industrial development, a theme which may well be central to the final policy arguments.

Reports on the infrastructural requirements for industrial development and on redundancies will follow. But the central document will be a survey of *current policies. This is being* carried out by international consultants Telesis.

Mr. Desmond O'Malley, Minister for Industry and Commerce, has already said he regards this review of policy as being of great significance. When in opposition the Prime Minister, Mr. Haughey, expressed reservations about the thrust of development policy.

It may be that changes are on the way, even though the past 15 years were regarded, internationally, as years of success. In any event, the report by Telesis will be awaited with interest, even a touch of nervousness, in several headquarter buildings.

By a Correspondent



Kerry Precision Ball Company, a subsidiary of Virginia Industries of Philadelphia, has been manufacturing ball bearings in Tralee, Co. Kerry, since 1963

Punt's depreciation has gathered pace

WHEN THE link between sterling and the Irish punt was broken two years ago it was clear that the Irish Government had accepted the gamble of entering an uncertain new world. At the time most observers predicted that it would be a new world where, at least as far as the 150-year-old symbiotic relationship between the two monetary systems was concerned, things would never be the same.

But nobody could have forecast quite how different things would turn out to be. Economic policy in Ireland has been turned on its head as a result.

While economic debate in the UK continues to rage about the effects of a high level of interest rates and a remarkably high exchange rate, debate in Ireland is being conducted in the context of a situation where sterling, the currency of Ireland's main trading partner, has appreciated by about 35 per cent against the punt since 1978, and where the punt has dipped into a trading range against the U.S. dollar ($1.60-$1.70) not seen since the sterling (and Irish pound) crisis of 1976.

Falling star

Today the punt follows a new star in the foreign exchange firmament—the Deutsche Mark—as a result of its membership of the European Monetary System (EMS). But fate would have it that the Deutsche Mark turned out to be a falling star from 1978 onwards, just as sterling had been before it. In joining the EMS it certainly was not the intention of the Irish Government to link its currency with another falling star. But that proved to be the case, and now the punt has as a result continuously depreciated for more than a decade. The effective trade weighted index of the punt is now less than 70 per cent of its December 1971 value.

Of late that depreciation has gathered pace, thanks to the drubbing received by the Deutsche Mark as a result of West Germany's balance of payments difficulties. In the final quarter of 1980 the punt's trade weighted index fell by over 5 per cent, to be followed by a similar fall in 1981 to date. Thanks to a degree of convergence between the Irish and Continental European monetary systems since the inception of the EMS the Central Bank of Ireland felt itself able to preside over cuts amounting to 4 points in the bank prime lending rate during 1980.

Yet in Ireland a debate still goes on about the need for even more currency devaluation — in this instance through a downward realignment of the punt within the EMS. Dublin foreign exchange dealers question the wisdom of allowing the punt to follow the Deutsche Mark upwards when and if it gets over its current problems and begins to recover against sterling and the dollar. Farmers, currently suffering from their worst incomes crisis since the 1940s, occasionally raise their voice in a call for a devaluation (and more lucrative earnings from exports to the EEC). A common feature of reports on the Irish economy's prospects is an assumption that the punt will be devalued within the EMS, along with other weaker currencies in the system.

The assumption that the punt will be realigned downwards is based mainly on assessments of the Irish economy's fundamental ailments, most important a persistently high balance of payments deficit (currently running at about 8 per cent of GNP) and the relentless growth of the Government's borrowing requirement (which equalled 14½ per cent of Gross National *Product in 1980). Recent* speculation that the International Monetary Fund will be called in to preside over a clean-up of the country's economic policies by the mid-1980s has helped to fuel the assumptions.

But so far as can be judged the Government and the central bank are dead set against an EMS devaluation. Their attitude is backed up by most Dublin economic analysts — some of whom on the other hand have not been slow to criticise the Government's own high deficits and warn about the need to correct the balance of payments deficit.

Foreign debt

One good reason for resisting an EMS devaluation is the size of the State's outstanding international debt. In 1980 alone the public sector's foreign debt rose by a massive Ir£950m to Ir£3bn due in part to the need to finance a balance of payments deficit of Ir£720m. The bulk of that debt has been contracted in EMS currencies; some of it is in Swiss francs, and about Ir£500m in U.S. dollars. Already this year about $100m has been added to the outstanding dollar debt as a result of the dollar's refund appreciation. The central bank is well aware of the fact that a devaluation within the EMS will swell the debt at one stroke.

There are other considerations too. The declining value of the currency is beginning to prompt fears about Ireland's inflation rate. After the January budget, which increased excise duties, the chief economic forecaster at the independent Dublin-based Economic and Social Research Institute, Mr. Joe Durkan, predicted an average inflation rate of about 16 per cent for the Republic in 1981. Following the precipitate decline of more than 20 cents against the dollar since early January even Durkan's forecast is beginning to look optimistic, especially since the price of most of Ireland's energy imports is denominated in dollars. A further boost to the inflation rate through a devaluation within the EMS would be inevitable given the extremely open nature of the Irish economy — an unwelcome prospect for a Government which must face the electorate at some stage between now and mid-1982.

Hue and cry

While Irish manufacturers have been raising a hue and cry of late over the erosion of Irish competitiveness in Continental markets as a result of the high inflation rate, the Government can point to the significant and real gains in competitiveness for Irish goods in the UK and U.S. markets. On balance competitiveness has improved dramatically, as is indicated by the fall of more than 10 per cent in the punt's effective trade-weighted index in the last six months. This is underlined by the results of a survey carried out in January by a British firm of cost-of-living researchers which showed that the overall cost of living in the Republic is now 20 per cent lower than in the UK for those with sterling to spend.

The Irish authorities have a vested interest too in continued stability of exchange rates within the EMS. The guarantee of fixed exchange rates has provided the spur for the inflow of low-cost EMS funds into Ireland over the past two years — the major factor behind the downward trend in interest rates seen during 1980. Whatever the future, the EMS has provided the central bank with a peaceful haven providing at least some shelter from the storms of the international currency markets.

By a Correspondent

Harsh measures are needed

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floating of the Irish pound.

There is a danger to the eyes of many economic commentators: a point where the system could become overloaded, particularly with foreign borrowings. It had been expected that the Government would use the opportunity of the January budget to deflate the economy.

Officially, Mr. Gene Fitzgerald, the Minister for Finance, did introduce a deflationary budget. He handed out large increases in indirect taxation and gave very little away in direct tax concessions and aids to farmers. He estimated that public sector borrowing would drop from 14½ per cent of GNP to 13 per cent.

However, commentators feel Mr. Fitzgerald is being optimistic. They say, for example, that his projection of capital borrowings could be Ir£926m rather than the Ir£781m envisaged. This is because the Government hopes to get Ir£200m from the private sector for its capital investment programme, while banking sources have indicated that perhaps only IR£50m, or not even as much as that, could be forthcoming.

It is also felt that the Government's predictions of current accounted borrowings being contained to the budgeted Ir£515m are optimistic. With public sector pay increases to be allowed, as well as other non-public sector spending inevitably on its way, the current deficit could be as much as Ir£628m. This would effectively mean a public sector borrowing requirement of 16 per cent—the record level of borrowing which was last reached in 1975. This time, however, Ireland's indebtedness has been characterised by a much higher rate of foreign borrowing. The total foreign debt has now reached Ir£3bn. It rose by Ir£900m last year alone.

Many observers feel that the country has been borrowing its way out of trouble, so that it can avoid the harsh deflationary decisions necessary to restore economic equilibrium. While few experts baulk at the capital expenditure programme, many feel that something should be done to curb the current account deficit.

In his budget speech Mr. Fitzgerald said: "Harsh measures could cause severe hardship and unemployment, particularly at this time of world recession. That is also the view of the more responsible commentators who recognise that appropriate remedial action should be effected over time."

There is a widespread feeling that, roughly translated, this means that with a general election in the offing the Government has refrained from taking unpopular decisions. Few commentators doubt that another budget or additional measures will be necessary before this time next year.

The great competition for energy

THE REPORTER from the oil magazine wanted to know why, in the light of what seemed a disappointing drilling season in 1980, there was an apparent quickening of interest in offshore Ireland this year. The man from the Irish Department of Energy was brusque in his reply: "Because they think there's oil out there."

With at least six wells, possibly eight, due to be drilled in Irish waters this year, he is presumably right. But this reversal, after a period when it seemed as if interest in Irish prospects had waned, is still a little surprising. It is a welcome development for the Irish, who import 80 per cent of their energy, most of it in the form of oil, but the companies' interest may have been quickened by the activity of the Department of Energy itself.

The biggest development during the year was the decision to institute a licensing round for much of the available acreage. Blocks have so far been allocated on an exclusive basis, but this autumn companies will bid, with a mixture of cash and drilling commitments, for a total of 108 blocks around the coasts.

One outcome has been a renewed interest in the south coast, the Celtic Sea and the Fastnet Basin. These were the first areas to be explored and hopes were high, but results were disappointing; Marathon's gas field off Kinsale was the only commercial find.

Marathon was the first oil major into Irish waters and is still the holder of millions of acres in the Celtic Sea. But although Marathon never left, it seems to be developing a new enthusiasm. The Irish investment holding company, Silvermines, recently paid almost six million dollars for royalty rights in the Kinsale field and any future Marathon discoveries. Silvermines describes prospects in the area as "worthwhile" and Marathon is expected to drill next year.

BP will also drill in its Celtic Sea holdings this year and, further south, the Fastnet basin—another great disappointment of the 1970s—is being re-appraised. Cities Services will drill there this summer and its Irish partner, Gaelic Oil, says seismic and well data have revealed potential structures in all four of the consortium's blocks.

The great attraction of the southern basins is the relative shallowness of the water. The Cities Services well will be in just 450 ft. Not so the Porcupine off the west coast, where BP and Phillips are drilling in over 1,000 ft-depths for which no proven production technology yet exists.

Last year's results were, on balance, disappointing. BP encountered fresh oil-bearing sands in its block, but they were thin, flowing at a lower rate than its 1979 show. Further south, Phillips' second well in block 35/8 was dry. Both companies will drill in the same areas this year and will be hoping for more substantial results, as will be Dublin.

The Irish have not put all their energy eggs in the offshore basket, however. Imports are to be diversified: a coal-fired power station is under construction in the Shannon estuary and some large private plants—notably Irish Cement—are switching to coal.

Significant

For the moment coal will have to be imported but there are some small, though significant, prospects in the country. In particular, the new technique known as "fluidised bed combustion" holds out hopes for a commercial use for the low-grade coal at Arigna, Co. Leitrim. It is estimated there are 25 years' supply in the reserves there and a 40 MW station is being built to test the commercial possibilities of the coal for generating electricity.

There is a new emphasis, too, on the country's major indigenous fuel: peat. Peat provides almost 20 per cent of electricity generation but for years was subsidised to create employment. All that has changed and peat-fired stations are now the cheapest in the grid. Prices are set to rise closer to energy-related rates and there is a new emphasis on developing bogs. Mr. Colley is also keen to encourage private development of bogs too small for the state-owned Bord na Mona, with grants and the provision of facilities like access roads.

Mr. Colley's toughest decisions may lie with the natural gas from Kinsale. He now seems committed to piping it at least as far as Dublin and has offered to sell it to the Belfast gas grid. These moves will increase the number of premium users but leave an awkward problem in the shape of what to do with the Ir£150m fertiliser plant at Cork. The state-owned plant buys the gas at a quarter of world prices but still makes losses on its fertiliser operations, largely due to huge cost over-runs in its construction. Closing it will be politically difficult; keeping it open, very expensive.

All these developments, plus a marked new emphasis on conservation, have changed the energy projections and put the decision on a nuclear power-plant into the long term. The smallest nuclear plant runs to about 600 MW and it is unlikely Ireland will need that kind of generating capacity until at least the end of the century. It has already been pointed out that just one field the size of Thistle in the North Sea would provide all the Republic's present oil needs. With that kind of equation, and as the rigs arrive for the drilling in 1981, the Irish can afford to sit out the nuclear debate.

By a Correspondent

Growth achievements threatened by effects of recession on trade partners

THE TRADE performance of the Irish economy scored what at first glance appears to have been a number of significant triumphs in 1980.

Its visible exports showed a double figures gain for the year at a time when international economies advanced their trade by only 3 per cent. It continued to diversify the distribution of its exports away from the UK, historically its chief trading partner, and towards the other members of the European Economic Community. Its rate of industrialisation continued to advance strongly, with exports of manufactured goods outstripping in growth those of the farm sector, the backbone of what remains one of Europe's farm-orientated economies.

Behind this outwardly optimistic picture, however, is a growing feeling that Ireland, Europe's fastest growing economy in the 1970s, may be heading into a turbulent period this year that may extend well into the 1980s. The economy's achievements in trade were real enough—exports rose 18.6 per cent in value over 1979 to a record high of Ir£4.13bn. The volume growth in overseas sales was calculated at 9 per cent, continuing the strong growth pattern established during the buoyant 1970s.

Downturn

At the same time, the domestic economic downturn during the year—shared by most of Ireland's European partners, most especially the UK—cut investment and demand for imports and enabled the country to narrow its perpetual trade deficit to about Ir£1.3bn, with imports valued at Ir£1.54bn from a deficit of Ir£1.4bn last year.

Unfortunately, inflation in Ireland climbed to 18.8 per cent, exceeding the growth in exports by a fraction. While this did not reflect the true cost of exports which rose at a lower level, it still posed a worry to Ireland's 1,600 exporters. This concern stems from the fact that 1980 saw sterling increase in value against the Irish pound where before the two currencies were intertwined—until 1979 when Ireland joined the European Monetary System.

With the Irish pound in recent months effectively depreciating to a value 26 per cent lower than sterling, and yet holding its own in value against its European counterpart. Irish exporters see a great opportunity to stimulate sales to the UK and other strong currency markets. The UK still remains Ireland's largest trading partner having a 42.8 per cent share of Irish exports in 1980—a drop from 46.4 per cent the year before.

Double worry

The fear is that unabated inflation in the Republic would offset the otherwise advantageous price of Irish exports to its key export markets—a double worry given the weakening effects of the world recession on Britain's own overseas purchasing ability.

The problem is further aggravated by the fact that nearly half of Ireland's imports come from the UK, making it the fifth most important overseas market for Britain with exports valued at more than £2.6bn. While this share dipped in the mid-1970s after Ireland's accession to the EEC, it has rebounded on the strength of Britain's growing oil exports to the Republic. Oil, not a factor in UK-Irish trade a decade ago, now accounts for one-third of Britain's exports to Ireland.

It is the price of oil — as reflected by the Ir£1.75 per gallon price paid in Ireland, compared with the British price of £1.30 to £1.35—that illustrates the inflationary pressure on Ireland in relation to the value of its currency against that of the UK. This relationship clearly points out why Ireland cannot ignore its main trading partner.

Ireland nevertheless has made steady strides in the pursuit of trade diversification. In 1959, for example, some 73 per cent of its exports then valued at £95.5m went to Britain while just 5.9 per cent for £7.7m went to the countries of the EEC as it was then constituted. The EEC now takes some 31 per cent of Ireland's exports and is narrowing the gap with Britain every year as the main export outlet for Irish goods.

Ireland's Industrial Development Authority—the IDA—is entrusted with the diversification policy and, with the support of the Irish Export Board, it is determined to continue the push for new markets for Irish goods and the development of the economy away from the traditional farming base.

To the extent that farm-produced goods comprise 73 per cent of Ireland's exports in 1950, compared with 35 per cent now, and manufactured goods have risen from 6 per cent to 53 per cent in that time, proves the degree of the IDA's success. With excessive destocking of beef last year by farmers, in order to clear inventories, Irish foodstuffs will be in short supply and manufactured goods will, therefore, continue to widen the gap, says the Irish Export Board. And Mr. Paidraic White, the new executive director, says the organisation "has a commitment to avoid over-dependence on any major industry."

This commitment has meant soliciting investment business from round the world—mainly from the U.S., by far the largest investor, as well as from Britain, France, Germany and Japan. The Authority recently announced a job-creation target of 35,600 new jobs in 1981, on the basis of foreign investment, with some 8,500 to come from U.S. investment.

Insulation

As Ireland has the smallest population in the EEC, at 3.5m, the investment programme is necessarily export-oriented, although the population is now growing fast and 50 per cent of Ireland's people are under the age of 25. The IDA claims that half of all exports in the industrial sector are a result of IDA-supported investment projects, and that two out of every three jobs in industry are export-related. "The importance of exports in the Irish economy could hardly be better illustrated," Mr. White said. For that reason, Ireland's economic well-being is highly dependent on the welfare of its chief trading partners.

The Irish Export Board noted that there is an insulating factor at work, which could benefit the country in case of deepening world recession. Only a handful of the 1,600 companies involved in exports have more than 2,000 employees, so there are few areas of industry in the country that are labour-intensive, and therefore subject to massive layoffs, as is the case throughout the older industrialised economies.

A further factor that can be turned to advantage is that Ireland, because it is small, can be successful in a particular export market, without causing damage to that economy and without finding itself facing retaliatory non-tariff barriers, as is the case at the opposite end of the spectrum with Japan. While Britain takes, for example, 42 per cent of Ireland's exports, those same Irish goods account for just 3.41 per cent of the UK's total imports. The Benelux countries' import share is just 1.17 per cent, while France and Germany are at .62 and .40 per cent respectively. This means that a barely noticeable increase in the market share of a recipient country would have an enormous spillover effect on the Irish economy.

Both the Export Board and the IDA admit that improved marketing by Irish exporters overseas is much needed for the 1980s. A recent Export Board study showed alarming deficiencies in the packaging and presentation of goods to be sold, and a surprising lack of awareness by many exporters of the need to quote the price of an export product in a currency familiar to the purchaser. This showed a deficiency in the "total marketing effort" or, as Mr. White pointed out, "there are still a large number of potential customers out there who just have not heard of us yet."

Frank Gray

TRADE 1979

IMPORTS By main suppliers (% of total)		EXPORTS By main suppliers (% of total)	
EEC	72	EEC	77
UK	50	UK	46
West Germany	7	West Germany	9
France	5	France	8
U.S.	9	U.S.	5

Source: Central Bank of Ireland.

Hidden labour force creates mystery over unemployment figures

MR. BRENDAN WALSH, Professor of Economics at University College Dublin, said recently: "It's like this, unemployment in Ireland is somewhere between 45,000 people and 200,000." In other words, it could be 4 per cent of the workforce or just under 20 per cent. Professor Walsh is one of the country's leading demographers and when he made that statement, he was not entirely joking.

Irish statistics on employment and emigration are shot through with all kinds of anomalies and contradictions and further complicated by the country's continuing transition from a predominantly agricultural society to an industrialised one. Agricultural employment figures are usually pretty vague by virtue of the seasonal nature of the work and the small amount of tenanted Irish land. Above all, though, such mystery surrounds the true unemployment figure in Ireland because of the numbers engaged in the "black economy" and, directly related to this, the actual rate of emigration and immigration.

People have been one of Ireland's main exports since the 1840s, when the population was 8m compared with a population for the rest of the UK of 25m. With the advent of the great famine of the 1840s, when the potato crop failed for virtually five successive years from 1845, the population was decimated. It is estimated that at least 1m people died during the famine years, and a further 1m people are thought to have migrated. There has been an almost steady haemorrhaging since.

The Irish Free State came into existence in the early 1920s only after a bloody war of independence against Britain and a civil war of its own. It lay smashed and impoverished from these tribulations. What industry there was in the country other than small localised, almost cottage industries, was concentrated in Northern Ireland, which under the Anglo-Irish Treaty and Government of Ireland Acts remained part of the UK. The division of Ireland left something under 2m people in the North and less than 3.5m in the Free State, as it then was.

The new state, which became a republic in 1949, continued to lose its people. Things became so bad that, according to Professor Walsh, in some years in the 1950s Ireland was losing as many as 70,000 people a year. In the nature of emigration, these people were predominantly young married couples or single people in search of a better life. The population dropped to a figure somewhere over 2m people.

Investment

The turning point came in the early 1960s. When Mr. Eamon De Valera gave up his long-time grip of the Irish premiership to Mr. Sean Lemass the latter started to open up the country to foreign investment. This did not reverse the drain of people but the numbers leaving the country started to slow down and some began to return.

In the 1970s the Irish economy was given a tremendous boost by the country joining the Common Market. Agriculture benefited greatly by the jump in prices under the Common Agricultural Policy and the number of new foreign companies entering the country rose considerably. By the end of the 1970s it seemed as if the immigration rate had started to exceed the emigration rate, thereby complicating the employment picture.

Whether there was a net immigration over the period 1975 to 1979 is virtually impossible to calculate because of erratic and unreliable data. The only statistics available are those for net passenger traffic. Although these exclude tourists they do include businessmen and Irishmen and women returning home for visits.

Taken at face value the net passenger figure suggests there was a loss of people up until 1979 and then because of the UK's recession some 6,000 net immigrants arrived in 1979 and possibly 20,000 arrived in 1980. Yet these are contradicted by the revision of Central Statistical Office figures. This revision came about largely as a result of the EEC Labour Survey programmes and Ireland's own limited census in 1979.

The two tables, the so-called old series and the new series, show that the CSO has revised its figure of the numbers employed from 1.07m to 1.15m; that is to say between 1975 and 1979 some 77,000 people joined the workforce—not all of them could be the product of the rapidly growing birthrate. In other words some 10,000 to 15,000 joined the labour force each year for five years either because there was a substantial net immigration or because people working in the black economy suddenly became legitimate. Consequently the new number available for work is put at 1.22m, with 74,000 unemployed.

If the Irish labour force is larger than previously thought and if more jobs are available than the old series of data suggests, where does this leave the unemployment figures? The Government said in January that there were 125,000 on the unemployment register. Yet, the new series data indicates there are 74,000 unemployed.

This discrepancy is partly explained by the fact that the 74,000 excludes 30,000 small farmers who are eligible for social security payments, as well as the long-term unemployed and the temporarily sick. The 74,000 figure covers those actively looking for work. Even so, those looking for work are more than Professor Walsh's lowest estimate, and how does he arrive at a figure of 200,000?

School leavers do not go on to the register and there could be 20,000 of those each year. Married women who worked once but who, for some reason, no longer do so, do not go on to the register. Some categories of farmers and farm labourers, as well as fishermen, do not always go on to the register. Therefore the official figure of 125,000 could reasonably become 170,000.

Professor Walsh was, perhaps, being a trifle flippant. Unemployment in Ireland is not between 4 per cent and 20 per cent; it is somewhere between 7 per cent and 17 per cent.

Stewart Dalby

Aer Lingus to focus on U.S.

THE DIVERSIFICATION by Aer Lingus, Ireland's state-owned national airline, into the hotel business and further airline-related activities is continuing to help the company achieve overall profitability.

Aer Lingus owns and manages a string of 22 hotels—including the Dunfey Hotel chain in the U.S., London's Tara Hotel and the Commodore Hotel in Paris. It also provides extensive training and management services to Third World airlines and has 47 client companies for whom it does maintenance work in Dublin and at London's Stansted Airport.

These extra services in the 1979-80 fiscal year contributed Ir£16.3m in pre-tax profitability to Aer Lingus' financial performance, and these activities are expected to be just as profitable by the time the current fiscal year ends on March 31. However, the company showed a final net profit of just Ir£4.1m last year after being hit by failing transatlantic operations, where it lost Ir£7.3m, and the high net repayment interest burden last year which cost it another Ir£7m against earnings.

On the other hand, Aer Lingus' European air services had their best year ever, with profits of nearly Ir£4m, and it is this operational sector, an erratic contributor to the airline's earnings in the 1970s, that is fast evolving into an area of strong profitability.

Whether the company's strength will be enough to offset its weaknesses in the current fiscal year remains to be seen. A senior company official said losses on these services could go as high as Ir£11m-Ir£12m this year, though a sharp retrenchment in this sector is now under way and should put an end to the financial erosion. The loss is also distorted by the impact of an engineers' strike earlier in the year.

The company's strategy is now to focus attention on its flights to Boston and New York, which it will operate this summer exclusively with three Boeing 747s. It is retiring four uneconomic 707 aircraft which it had previously used over the Atlantic. Once these are gone, it will have a fleet of 20 aircraft comprising the 747s, Boeing 737s and BAC One-Eleven aircraft. The smaller aircraft are being used to service Aer Lingus' 16 European destinations.

The company believes that by concentrating on New York and Boston it will be capitalising on its strengths—the two cities are a source of strong ethnic traffic. It was this lack of ethnic support that caused the company to drop its Chicago service last year and its Montreal flights the year before.

Another priority for Aer Lingus is finding relief for some of its burden of interest repayment. It is currently seeking some Ir£25m in Government investment money rather than a straightforward, interest-bearing, loan. This would improve the balance of its debt-equity ratio, currently at 67/33. A recent Government report on state-run companies backed this objective, saying that half the company's total assets should in future be made up of Government share capital, instead of the current one-third.

Frank Gray

Peat cutting in Co. Galway—there is a new emphasis on developing bogs as sources of energy.

Tourist industry provides jobs for 100,000 people

A TOTAL of 2.26m overseas visitors came to Ireland in 1980, marking the first time since the mid-1970s that the numbers of tourists have declined—in 1979 there were 2.36m visitors from abroad. Inflation, however, helped boost the revenue earned for the year to Ir£280.4m compared with Ir£243.6m the year before, but in real terms the revenue showed a 3 per cent decline.

Mr. Noel Sweeney, assistant chief executive of the Irish Tourist Board, said the Board had been overtly optimistic in its forecasts for the past year and had not accurately estimated the effects of the world recession on some of Ireland's overseas tourism markets. Mainland Britain, for example, provided the Republic with 1.062m tourists, a slight drop from 1.077m the year before, while tourists from the Continent fell to 323,000 from 358,000 and those from North America slipped to 215,000 from 293,000.

The one region that held up well was Northern Ireland, which contributed 566,000 to the Republic last year, the same as the year before. Spending from the North climbed to Ir£33m from Ir£26.2m in 1979.

As a result of being "off target" in last year's forecasts, the Tourist Board is taking a sober look at the potential for tourism in 1981. It estimates overall foreign tourism will grow by between 4 and 5 per cent with the strongest sectors being France, with an 8 per cent rise, Germany at 6 per cent, Ulster at 5 per cent and Britain at 3 per cent.

A hidden factor which will certainly benefit Ireland is the relatively low value of the Irish pound against sterling. Should the gap, now at 30 per cent, remain steady over the year, and should the U.S. dollar climb in value against the Irish pound, the industry could receive some long-term benefits. The U.S. market is particularly important, the Board says, because North Americans are the highest per capita spenders among all Ireland's overseas visitors.

A new element in the Tourism Board's strategy is the volatility of the market. A few years ago, Mr. Sweeney said, a winter promotion to travel agents and tour operators abroad was sufficient to generate the business required for the summer season. "What we found last year is that 72 per cent of our UK visitors, for example, only made up their minds to come to Ireland three months before they actually travelled. People are holding back on their plans as never before. Because of this, we are gearing up for secondary promotions to take place in April and May to capitalise on this undecided market."

It is estimated that tourism provides jobs for 100,000 people, about half of whom are directly involved in the industry, with the other half in associated activities. On a national basis, it is estimated to contribute some Ir£110 per head of the population.

Frank Gray

Huge slump in farmers' incomes

AT THE start of 1980 massive pre-Budget demonstrations by workers had called for a significant redistribution of the income-tax burden across the different income classes. Prominent among their demands was one that farmers, in view of their EEC-supported prosperity, should be required to contribute more to the Exchequer.

At the beginning of 1981 farmer protests and demonstrations marked a new polarisation of Irish society in income terms that had occurred during the previous year. Figures for 1980 show that whereas public sector employees' earnings increased by 32 per cent and earnings of private sector employees by around 18 per cent farmers' incomes slumped by 10 per cent during a year when inflation is estimated to have been around 18 per cent.

Moreover, this fall in farmers' real income in 1980 comes after a decline in 1979 also. Income from farming in 1980 stood, in real terms, at only 45 per cent of its value in 1978. For those farmers with heavy borrowings bearing the brunt of high interest rates as well, real disposable income has fallen by even more than this. The prospects for 1981 show little sign of a significant reversal in this trend. Many commentators have now begun to refer to the process of impoverishment at work in the agricultural sector, a mere two years after the years of unprecedented prosperity brought about by EEC membership.

The cause of this rapid turnaround in agricultural fortunes is that Ireland maintained its exchange rate within the European Monetary System (EMS) while at the same time running a very high rate of inflation. Ireland also had a high inflation rate during the halcyon years of the transition period to full EEC membership between 1973 and 1978. At that time, however, the Irish pound exchanged at parity with the pound sterling and depreciated sharply, in line with the depreciation of sterling.

This gave the Irish authorities the opportunity to adjust the representative rate, more usually known as the green rate, which is used to translate EEC support prices into national currency terms in line with the depreciation of the market value of the Irish pound. The resulting Green Pound price increases, which accounted for half of the total price increase received by farmers over the transition period, compensated farmers for the inflation in their input costs.

Farmers benefited in real terms from the two remaining sources of increased prices, namely, increases in the common EEC support prices agreed annually at the price reviews in the spring, and the transitional increases arising out of the alignment of generally lower Irish farm prices to EEC levels. The terms of trade moved in favour of Irish farmers by 15 per cent over the period from 1970 to 1978.

Ireland joined the EMS in March 1979. The main advantage of membership was seen in the opportunity to maintain a fixed parity with a group of low-inflation countries, and thus to contribute to a reduction in the Irish inflation rate. The fact that sterling remained outside the EMS, and, contrary to all expectations at the time, appreciated considerably in value, upset this calculation.

The Irish rate of inflation has continued at a high level, in part because of domestic pressures, and in part due to the upward pressure on prices due to imports from the sterling area. On this occasion, however, the Irish pound has to date maintained its market value against the ECU (the European Currency Unit in which EEC farm prices are now denominated), and relief through a further devaluation of the Irish Green pound has not been possible. Farmers are left suffering the dual consequences of a squeeze on prices and costs.

The fall in farming profitability has reversed the upward trend in output growth of recent years. Last year cattle sales, at just over 2m head, were at an all-time high, but this result was due to the high level of destocking on farms, which accounted for over 20 per cent of the total. Thus the cow herd in December 1980 was 5 per cent smaller than the previous year, and disposals in 1981 could be 20 to 25 per cent less than in 1980 depending on the degree to which farmers attempt to rebuild their herds.

Depressing

Other major sectors tell a similarly depressing story. Milk deliveries in 1980 fell by 2.5 per cent. The number of pigs was down by 5 per cent. The volume of cereals output fell by 10 per cent, because of lower yields rather than reduced acreage, while root crop output virtually remained unchanged.

There are a few bright spots in this otherwise gloomy picture. Heifer replacements for the dairy herd were up by 11 per cent in June last, suggesting that the decline in the dairy herd may be only temporary. An extraordinarily mild winter has helped to cut feeding costs on many farms. Investment in land improvement and buildings under the Farm Modernisation Scheme and the Western Drainage Scheme continued at an unprecedented rate in 1980, even though this has not been matched by increases in livestock numbers.

The new market arrangements for sheepmeat which came into operation in October last year provide a stable framework for the growth of an efficient sheepmeat sector. Many farmers who have borrowed money have been given a little breathing space through the restructuring of their loans by the banks, working in close co-operation with the advisory service, ACOT.

These will remain isolated instances of good news, however, unless two fundamental requirements are met. The first is the provision of some form of short-term income support to farmers, particularly to those farmers who have borrowed for productive purposes and who now find their repayments difficult to meet. The second requirement is to try to lay the bases for renewed expansion. While, ideally, these two objectives should be linked, there is general recognition that any scheme of income aids will remain a palliative unless the problem of inflation is brought under control.

The farming organisations have called for a devaluation of the Green pound independent of any change in the market value of the Irish pound. It is estimated that a 10 per cent devaluation would increase farm incomes by between Ir£70m and Ir£90m, depending on the extent to which the increase in support prices was reflected in the market. They have also called for additional aid from the national exchequer to compensate them for the effects of high inflation.

The Government, faced with competing claims on the public purse already distended by large-scale public borrowing, and with the prospect of an election later in the year, is in an unenviable position.

Alan Matthews
Lecturer in Economics at Trinity College, Dublin

A cow is winched aboard ship at Inishmore in the Aran Islands

Holidays in farmhouse hotels, such as this one at Killucan, Co. Westmeath, are a popular choice with visitors

Sugar values sharply lower as London speculators withdraw

BY JOHN EDWARDS, COMMODITIES EDITOR

WORLD SUGAR values moved sharply lower on the London terminal market yesterday. The London daily price for raw sugar was cut in the morning by £13 to £242 a tonne — its lowest level for a month. On the futures market the August position closed nearly £10 down on the previous close at £241.575 a tonne after falling to £238 at one stage.

Selling pressure has come mainly from speculators, particularly chartists, who appear to have become disillusioned with trade forecasts that sugar remains in short suply with stocks low.

Heavy buying by the Soviet Union recently has removed surplus supplies attracted to the market and it is noticeable that the near May position on the futures market remains at a premium to the more distant months — normally a sign of a bullish market.

However, the high interest rates, particularly in the U.S., and the decline in gold has undermined speculative buying interest and left the market vulnerable to "bear" raids.

Now the Russians have apparently completed their buying programme with the purchase of an additional 1m tonnes making a total of some 3m, there is said to be little prospect of immediate surge in values unless there is another serious setback in one of the main producing areas.

For the moment no shortfall in supplies is likely to develop, with the EEC still having a substantial amount of surplus sugar to export before the end of the current season at the beginning of July. It is estimated the Commission needs to sell some 80,000 tonnes a week if it is to reduce carryover stocks to the required level.

It was also reported yesterday that exports of 350,000 tonnes of sugar, authorised by the Commission earlier this season, may not be taken up because the export levies imposed at a time when the world market was much higher make the sales unprofitable.

Meanwhile, sugar statistician F. O. Licht predicted a rise of nearly 6 per cent in European beet plantings for the 1981/82 season which are about to commence.

Cash boost appeal by Scots farmers

By a correspondent

THE SCOTTISH National Farmers' Union has called on the Government for a £120m cash injection, including a 1½p pint increase in the retail price of liquid milk by the beginning of next month.

Mr. John Cameron, the union's president, told its annual council meeting in Ayr yesterday that Scottish agriculture was desperately in need of a cash boost.

To increase the price of milk by 1½p a pint would net an additional £6m for Scotland's milk producers, and there was no doubt the money was urgently needed.

Mr. Henry Christie, the union's milk convenor, pointed out that the average profit of dairy farmers throughout the UK last year was just £3,000. But in Scotland dairy farmers also carried an average overdraft of some £25,000 during 1980 and this meant that interest payments on borrowed money more than "swallowed" the £3,000 profit.

"We will have to have an increase in the retail price of liquid milk as soon as possible and at least by the beginning of April." said Mr. Christie.

In addition to the milk increase, Mr. Cameron argued for more support for potatoes and wool, a doubling of the hill livestock allowances, a doubling of the suckler cow premium and the re-introduction of a lime subsidy.

The package would total some £120m, he said. "But that is the scale of effort needed to put our industry back on the road to recovery."

AUSTRALIAN FARMING

Optimism thrives in an arid land

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

AUSTRALIA MUST be one of the most difficult countries in the world in which to farm. Yields of crops and stock are, in acreage terms, some of the lowest in the world, certainly well below those in Europe. Yet farm produce still accounts for nearly half of Australia's exports. In spite of the minerals boom agricultural products look set to remain the mainstay of export trade for a while yet.

Farming in Australia also has the distinction of being one of the least subsidised in the world. Except for some drought relief farmers take their chance with the markets.

Prospects in the short term are not too bad. The Bureau of Agricultural Economics has come up with a number of bullish predictions, quite a new departure for this organisation. But close examination of the prophecies does seem to suggest that the improved returns predicted for farmers are based not on an increasing market share, but on scarcities developing in certain basic products.

It is ironical that, following the drought of the last 12 months which cut wheat yields by some 30 per cent, the consequent increase in prices has enabled those farmers who harvested a crop to maintain their overall incomes. It has also encouraged those farmers who failed to produce a crop—quite a proportion — to get ready to plant for the 1981 harvest.

The bureau's bullish sentiments were based on world prices which were rising strongly up to Christmas but are now declining. This underlines the danger of economists making forecasts and farmers taking any notice of them.

The fact is that in Australia, without irrigation any form of dry land culture is a gamble. The average wheat yield has been 1.29 tonnes a hectare over the last 15 years. The average in the UK is about five tonnes a hectare.

This is in no way to denigrate Australian farming husbandry. What is does underline is the fact that in a low rainfall country with a high evaporation rate the outturn of any crop is heavily dependent on the climate. The lack of moisture also governs the quantities of seed and fertiliser used which are far lower than would be the case in Britain. Any significant increase of these inputs would be wasted in Australia because there would not be enough moisture to make use of them.

Nor is moisture the only factor to be considered. There is increasing evidence of a deterioration of soil conditions in certain parts of the wheat belt. In Western Australia salt is beginning to invade the cultivated land.

The reason is believed to be an effect of the clearance from bush many years ago. The cures suggested—either planting trees or a complicated system of drainage channels—have yet to be proved effective and are in any case very long-term projects.

In some other Australian States constant cultivation for cereal crops without an intervening grass "break" is said to be destroying soil structure and causing land to blow away. Maintaining the soil structure is an emotional term and no one really knows what it means. But it is probable that, in the harsh Australian environment, practices which can be used with impunity in the kinder European climate would lead to disaster.

Here another difficulty arises. Many of the wheat farmers used to alternate grain growing with sheep but the drought has forced them to sell their flocks. This has reduced the country's total flock and has had the effect of making stock very dear to buy in areas where there has been rain.

Another factor has also reduced sheep stocks. Over the last five years a substantial trade in live sheep, chiefly old wethers, has been opened up with the Middle East. Paradoxically it enabled the drought sufferers to sell their stock at a good price but has reduced supplies of the sheep kept for their wool.

The live sheep trade, say many farmers, has saved the sheep industry from disaster. Prices for wethers have risen by several hundred per cent and these animals are making as much or even more than lambs. The number shipped last year was 5.6m and this is expected to rise substantially in the years ahead.

How far this can go depends, of course, on the stability of the Saudi Arabian and other Middle East markets and on the overall number in the Australian flock. Some point out that by keeping wethers rather than breeding ewes farmers are containing or even reducing flock numbers.

Certainly production of sheepmeat is still falling slightly. The prices received can hardly be covering inflation and only earnings from wool have been keeping up over the last few years.

Beef production has taken a knock from the peak production season of 1977-78 falling from 2.18m tonnes to 1.52m this year. This was primarily due to drought and a collapse in market prices, which forced a reduction in herds.

The main market for beef is the U.S. Although the quantity available for export from Australia is down, prices in the U.S. are falling

The mood of the farmers I met was interesting. They could cope with the weather as they always had. But they were worried that New Zealand was undercutting them in some overseas markets with the help of subsidies. But their main condemnation was for the subsidised export of EEC beef, milk products and grain—something of which a lot more could be heard.

European fish accord in doubt

BY RICHARD MOONEY

HOPES OF significant progress towards a common EEC fisheries policy at next week's Brussels meeting are fading fast.

Proposals which the Common Market Commission is reportedly planning to put to Community Fisheries Ministers on Monday and Tuesday were yesterday rejected by Britain's Ministry of Agriculture as unacceptable.

The latest Commission plan is believed to include a 1993 cut-off date for the UK's 12-mile coastal limit, recognition of "traditional" fishing rights for foreign vessels in British waters established even after UK entry into the EEC in 1973, and foreign access into the "Scottish box" area off the north of the British Isles in which the UK is seeking exclusive access.

It is extremely unlikely that Mr. Peter Walker, the UK Agriculture and Fisheries Minister, will accept any of these proposals.

One suggestion which is likely to find favour with the British delegation, however, is a proposal to allow Britain's 12-mile zone to extend all the way round the coast instead of narrowing in to as little as six miles in some areas.

Mr. Georges Kontogeorgis, the EEC Fisheries Minister, met Mr. Walker on Monday and M. Daniel Hoeffel, the French Fisheries Minister, on Tuesday. Before these talks there was considerable doubt whether it was worth proceeding with next week's Fisheries Council in view of the entrenched positions held by Britain and France. It is now almost certain that the meeting will go ahead on the basis of the new Commission plan.

Soviet winter grain hopes

MOSCOW—Prospects for this year's winter grain crop are good if the present mild weather continues in the European part of the Soviet Union, Western agricultural experts said. Reuter.

Wheat trading

THE 5.4m tonnes figure quoted here earlier this week for 1980 grain trading on the London futures market should have referred to wheat, not all grains. The Chicago trading figure of 738m tonnes, Kansas' 176m tonnes and Minneapolis' 45m tonnes were also for wheat futures only.

Cocoa producers hold key

BY OUR COMMODITIES EDITOR

NEGOTIATIONS ON a new International Cocoa Agreement have been deferred until next month, it was confirmed yesterday. This is mainly in order that the Ministerial meeting of the Cocoa Producers' Alliance, to be held in Cameroon from March 17-21, can clarify the attitude of producing countries.

However, the talks in London this week have raised hopes that the Ivory Coast has reconsidered its refusal to join the proposed agreement.

Although the Ivory Coast asked for a sub-committee to review the price range of 110-150 cents a lb agreed at the Geneva negotiations last year, it did re-affirm support for an agreement in principle.

The Cameroon meeting will allow other producers to try to persuade the Ivory Coast that the price range is more than realistic in the current depressed state of the market.

Ivory Coast membership is considered essential, and other countries are delaying ratification accordingly. However, it seems almost certain that the U.S. will not join. It considers the proposed floor price of 110 cents far too high.

Goldenlay small egg prices up

SMALLER-SIZED eggs will be dearer next week. Goldenlay, the leading British egg marketing consortium, announced yesterday that it was raising the price of size four by 1p a dozen, size five by 3p and sizes six and seven by 4p.

The company said there had been a slight fall in production and a modest improvement in demand, allowing it to narrow differentials between larger and smaller egg prices which had widened during the recent price decline.

Danish pig output expected to fall further

BY HILARY BARNES IN COPENHAGEN

DANISH PIG producers operated last year under the most depressing conditions since the 1930s according to Mr. J. Esp Soerensen, chairman of ESS-Food, the Danish pigmeat export association.

He told the annual meeting of farmers' representatives that returns were so low that pig production will begin to fall sharply at the end of this year.

He placed part of the blame on inefficient use of EEC market arrangements, in particular allowing several countries to dump pig meat in the market.

Mr. Esp Soerensen repeated ESS-Food's demand for a revaluation of the green pound, claiming that the monetary compensatory amounts paid by exporters are helping to weaken demand for pigmeat in the UK by keeping prices up.

Although average prices to the farmers rose by 7 per cent last year, production costs rose much faster.

Assuming farmers receive a notional hourly wage in line with the industrial average there was a loss of Kr 61 on every pig produced, he said.

However, as a result of substantial investments in 1978 to 1979, pig production reached a record 14.4bn in 1980, an increase of 7.7 per cent. Production this year was likely to be unchanged, with some increase in the first half year but output by the end of the year expected to be 4 to 5 per cent lower than at the end of 1980.

The 208,000 tonnes of bacon exported to the UK accounted for 41.2 per cent of the market, down from 41.6 per cent in 1979, when the tonnage was 214,000.

Total Danish pigmeat exports to the UK fell by 10,000 tonnes to 335,000 tonnes while world-wide exports rose by 6.6 per cent to 724,700 tonnes. There was a substantial increase in exports to other EEC countries which took over 40 per cent of the export total compared with 57 per cent going to the UK.

West Germany, which now takes 20 per cent of Danish pig meat exports, is the second largest market after Britain. Total exports were worth Kr 8.4bn compared with Kr 6.3bn in 1979, excluding Common Agricultural Policy subsidies.

Mr. Esp Soerensen reported a rapid improvement in productivity in pig output. The number of piglets weaned per sow per year has risen from 13.1 to 15.9 in three years. This development is expected to continue, which means that with an unchanged stock of sows pig production would rise by about 4.5 per cent a year.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Moved ahead on the London Metal Exchange as American inspired buying lifted three-months from £811 on the early pre-market to a day's high of £818 before a close on the late Kerb of £816.5. Turnover: 20,550 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	790.5-1	-1.5	794-5	+6
3 months	813.5-4	-1.75	817.5-8	+6.5
Settlem't	791	-1	—	
Cathodes				
Cash	787.5-8	-1.75	790-2	+4.5
3 months	800-1	-2	804-.5	+5.5
Settlem't	788	-2	—	......
U.S. Prod	—		*81.5-85	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £791, three months £814, 14.5, 15, 14, 13.5, 14. Cathodes, cash £787.5, three months £801. Kerb: Wirebars, three months £813.5, 14, 13.5, 13. Afternoon: Wirebars, three months £817, 18, 17.5, 18. Cathodes, three months £804. Kerb: Wirebars, three months £817.

TIN—Easier following the sharp fall on the Penang market which saw three months decline to a day's low of £6,130. However, light support prompted a minor rally and forward metal edged up to close the late Kerb at £6,150. Turnover: 745 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6010-20	-20	5995-6005	-40
3 months	6140-50	-30	6125-30	-40
Settlem't	6020	-20	—	......
Standard				
Cash	6010-20	-20	5995-6005	-40
3 months	6140-50	-30	6125-30	-40
Settlem't	6020	-20	—	......
Straits E.	‡$30.30	-0.31	—	......
New York	—	......	—	

Morning: Standard, cash £6,020, 10, three months £6,150, 45. Kerb: Standard, three months £6,145, 50, 45. Afternoon: Standard, three months £6,150, 40, 35, 30. Kerb: Standard, three months £6,150.

LEAD—Higher again as renewed demand for cash and intermediate dates narrowed the contango to around £4 by the close. Forward metal moved up strongly from £330 to £339 on the pre-market following continued speculative support. The £339 level, however, brought out substantial profit-taking and values eased back before moving up again to close the late Kerb at £339. Turnover: 11,530 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	331.5-2	+8.5	331-.5	+8.5
3 months	335-6	+4	337.5-8	+7
S'ment	332	+8.5	—	......
U.S. Spot	—	......	*34	......

Morning: Cash £332, three months £337, 38, 39, 38, 37, 37.5, 37, 36.5, 36, 35.5, 35. Kerb: Three months £336, 35.5, 35. Afternoon: Cash £331, 30, three months £336, 37, 37.5, 38, 38.5, 39, 38. Kerb: Three months £337.5, 37, 36.5, 37, 37.5, 38, 39.

ZINC—Little changed in quiet and routine trading with forward metal moving in a £3 range before closing the late Kerb at £341.5. Turnover: 5,375 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	330.5-1	-.75	329-30	+.5
3 months	340-1	-1	339.25-.5	-.125
S'ment	331	-1	—	......
Primw'ts	—	......	*41.5	......

Morning: Three months £342, 42.5, 42, 41.5, 41. Kerb: Three months £340. Afternoon: Three months £340, 39.5. Kerb: Three months £340, 39.5, 40, 41.

ALUMINIUM—Steady with forward metal trading between £662 and £665 prior to closing the day at £663. Turnover: 8,800 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	650-1	+7	649-51	-1
3 months	663-.5	+5.75	662-.5	-.75

Morning: Three months £663. Kerb: Three months £663. Afternoon: Three months £665, 64, 62, 62.5. Kerb: Three months £663.

NICKEL—Barely changed in subdued trading. Three months opened at £2,825 and moved in a £5 range before ending the late Kerb at £2,827.5. Turnover: 114 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2830-4	-.5	2830-5	-15
3 months	2820-5	—	2820-5	-15

Morning: Cash £2,830, 34, three months £2,825. Afternoon: Cash £2,830, three months £2,820, 25.

* Cents per pound. ‡ $M per picul. † On previous unofficial close.

SILVER

Silver was fixed 28.75p an ounce lower for spot delivery in the London bullion market yesterday at 512.05p. U.S. equivalents of the fixing levels were: spot $11.25, down 71c; three-month $11.749, down 72.2c; six-month $12.224, down 77.6c; and 12-month $13, down 98c. The metal opened at 505p-514p ($11.10-$11.30) and closed at 521p-530p ($11.50-$11.70).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	512.05p	-28.7	526.0p	-2.5
3 months	528.05p	-28.7	542.25p	-2.75
6 months	543.35p	-31.6	—	......
12 months	570.40p	-38.8	—	......

LME—Turnover 105 (125) lots of 10,00 ounces. Morning: three months 528, 27, 28, 29, 28.5, 28. Afternoon: three months 544, 45, 46, 47, 45, 45.5, 45, 42, 43. Kerb: three months 543, 44, 43.

COTTON

LIVERPOOL — Spot and shipment sales amounted to 80 tonnes, bringing the total for the week so far to 546 tonnes. Scattered operations continued, with customers showing some reluctance to extend engagements. Most of the inquiry centred on small quantities of North and South American growths, other styles being in limited request.

COCOA

Cocoa futures traded quietly until long liquidation during late dealings caused stop-loss selling both in London and New York, however scale-down trade suport pared losses for prices to close £5 lower than Wednesday night, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	840-842	-12.5	850-835
May	909-910	-10.0	928-900
July	938-939	-7.0	948-936
Sept.	963-964	-5.0	970-961
Dec.	994-995	-5.0	998-994
March	1016-17	-4.5	1020-15
May	1033-35	-4.5	1039-33

Sales: 4,955 (2,942) lots of 10 tonnes.

ICCO Futures—Daily price for March 4 94.15 (93.65); five-day average 94.53 (94.88).

COFFEE

A disappointing performance reflected the recent lack of physical activity and an unchanged fundamental situation. During the afternoon London failed to respond to a steady New York market and values consolidated in a narrow range with no fresh features emerging, reports Drexel, Burnham, Lambert.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
March	1018-20	+3.6	1018-10
May	1038-39	+2.0	1040-32
July	1047-49	—	1050-41
Sept.	1057-58	+0.50	1059-50
Nov	1061-64	+1.50	1056-55
Jan	1065-70	-5.0	—
March	1055-00	—	—

Sales: 855 (1,352) lots of 5 tonnes.

ICO Indicator prices for March 4 (U.S. cents per pound): Other Mild Arabicas 125.67 (125.08); Robustas ICA 1976 114.50 (same); ICA 1968 114.75 (same). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—Trade was generally slow. Wheat old crops eased on selling from commercial sources but steadied later on lack of selling pressure and rallied slightly to close 10p-25p higher on the day. Barley old crops dipped 20p-30p but buying support steadied values to close firm due to lack of sellers, 25p higher. New crops saw some hedge selling pressure in the morning, but values improved to close unchanged on barley to 10p higher on wheat, reports Acli.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yesterday close	+ or —
Mar.	109.95	+0.25	98.85	+0.25
May	112.55	+0.10	101.25	+0.25
July	116.25	+0.15	—	—
Sep.	98.90	+0.10	93.80	......
Nov.	102.60	......	97.55	......
Jan.	106.40	......	101.45	......

Business done—Wheat: Mar. 109.90-109.50, May 112.60-112.10, July 116.30-115.85, Sept. 98.90-98.70, Nov. 102.45-102.40, Jan. 106.20-106.20. Sales 175 lots of 100 tonnes. Barley: Mar. 98.30-98.05, May 101.30-100.80, July no trade, Sept. 93.80-93.60, Nov. 97.50-97.35, Jan. 101.45-101.40. Sales 98 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Hard Winter, 13½ per cent: March 105.50, April 107.00 transhipment East Coast. English Feed, fob: March 113.50 paid South Coast, April-May 116.50 seller. Maize: French: March 123.00 transhipment East Coast. South African Yellow: March-April 81.50. Barley: English Feed, fob: March 102.00, April 104.50, April-May 105.50, June 106.00 East Coast sellers. Rest unquoted.

HGCA—Locational ex-farm spot prices. Other milling wheat: S. East 112.00, S. West 110.00, W. Midlands, 112.00, N. West 111.70. Feed barley: S. East 97.50, S. West 98.70, W. Midlands 98.10, N. West 96.50. The UK Monetary Coefficient for the week beginning Monday March 9 is expected to change to 0.859.

RUBBER

The London physical market opened slightly steadier, with fair interest throughout the day, closing quiet. Lewis and Peat reported an fob March price for No. 1 RSS in Kuala Lumpur of 296 (294.75) cents a kg and SMR 20 at 264 (263) cents.

No 1. R.S.S.	Yest'r'ys close	Previous close	Business Done
Apr.	60.80-61.40	61.00-61.40	—
May	61.90-62.50	62.00-62.10	—
Apr-Jne	61.80-62.00	62.00-62.20	62.50-62.00
Jly-Sept	65.20-65.30	65.30-65.40	65.60-65.00
Oct-Dec	67.80-68.00	68.00-68.20	68.60-67.80
Jan-Mar	70.80-70.80	70.90-71.00	71.10-70.80
Apl-Jne	73.40-73.80	73.70-73.80	73.80
Jly-Sept	76.20-76.40	76.40-76.60	—
Oct-Dec	78.80-78.90	79.10-79.20	79.30-79.10

Sales: 493 (566) at 15 tonnes, none at 5 tonnes. Physical closing prices (buyer) were: Spot 58.50p (same). April 63.25p (62.75p). May 64.00p (63.25p).

SOYABEAN MEAL

The London market opened unchanged in quiet trading conditions, reports T. G. Roddick. Prices firmed on light short-covering to close on the highs of the day.

	Yest'rd'ys Close £ per tonne	+ or —	Business Done
April	122.90-23.0	+1.45	123.00-22.50
June	125.40-25.5	+0.90	125.50-24.80
August	127.60-28.0	+1.0	127.50-26.80
October	128.50-28.8	+0.40	129.00-28.50
December	129.00-31.0	+0.25	—
February	128.00-32.8	-0.50	—
April	129.50-33.5	-0.50	—

Sales: 68 (144) lots of 100 tonnes).

SUGAR

LONDON DAILY PRICE (raw sugar) £242.00 (£255.00) a tonne cif for March-April shipments. White sugar daily price was £273.00 (£285.00).

The market opened some £5 below kerb levels and later further losses of some £4 occurred. Thereafter substantial long liquidation developed but this was well absorbed and final prices were little changed from first trades, reports C. Czarnikow.

No. 4 Contract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
May	244.00-44.05	254.10-54.25	254.50-41.00
Aug	241.55-41.80	251.25-51.50	251.00-38.80
Oct	238.90-38.95	247.10-47.75	248.00-35.00
Jan	223.75-24.00	232.50-33.50	225.00-22.00
March	223.25-23.75	232.00-32.50	232.00-21.80
May	223.80-24.00	232.00-32.50	224.00-23.00
Aug	223.45-24.05	231.80-35.00	224.00-23.00

Sales: 13,355 (7,456) lots of 50 tonnes.

.3. —77.0 mlw mfwyp fwypepepsapa

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £320.00 (£338.00) for export.

International Sugar Agreement (U.S. cents per pound fob and stowed Caribbean port. Prices for March 4: Daily price 22.30 (22.97). 15-day average 23.48 (23.71).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order buyer, seller, business, sales). Australian cents per kilo. March 487.3, 488.0, 488.0-486.0, 79; May 481.1, 481.5, 485.0-480.0, 114; July 489.0, 490.0, 491.0-487.5, 153; Oct. 483.3, 484.0, 485.5-483.5, 75; Dec. 487.5, 488.0, 490.0-487.0, 47; March 495.0, 496.0, 499.0-495.0, 18; May 502.0, 505.0, 505.0-502.0, 18; July 507.0, 510.0, 508.0-507.0, 7. Sales 511.

LONDON NEW ZEALAND CROSSBREDS—Close (in order buyer, seller, business, sales). New Zealand cents per kilo. Mar. 345, 347, nil, nil; May 353, 358, 353-352, 3; Aug. 362, 368, nil, nil; Oct. 368, 372, 371-370, 6; Dec. 376, 377, 377, 2; Jan. 379, 382, nil, nil; Mar. 383, 386, 383, 1; May 383, 388, 385, 1; Aug. 383, 389, nil, nil. Sales 13.

PRICE CHANGES

	Mar. 5 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1455/1485	+15	$1415/445
Copper			
Cash w'bar	£794.5	+6	£778
3 mths	£817.75	+6.5	£801.25
Cash Cathode	£791	+4.5	£759.5
3 mths	£804.25	+5.5	£787.75
Gold troy oz	$463.5	-1	$491.5
Lead Cash	£331.25	+8.5	£292.25
3 mths	£337.75	+7	£308.25
Nickel	£3,358.65	......	£3,226.57
Freemkt	275.290c	......	288/285c
Platin'mtr'y oz	£213.50	......	£202
Freemkt	£200.25	+0.5	£201.60
Quicksilver†	$400-410	......	$380/390
Silver troy oz	512.05p	-28.75	560.0p
3 mths	528.05p	+29.75	577.0p
Tin Cash	£6,000	-40	£5,902.5
3 mths	£6,127.5	-40	£6,037.5
Tungsten22.04lb	$145.47	......	$144.72
Wolfrm 22.04 lb	$151/155	......	$148/151
Zinc Cash	£329.5	+0.5	£314
3 mths	£339.375	-0.125	£325.75
Producers	$825	......	$825
Oils			
Coconut (Phil)	$595x	......	$605
Groundnut	‡		‡
Linseed Crude	£420	+5	£408
Palm Malayan	$600v	......	$615
Seeds			
Copra Philip	$395	-10	$415
Soyabean(U.S.)	$302	......	$308.5
Grains			
Barley Futures	£101.25	+0.25	£99.80
Maize			
French	£123	......	£123
Wheat			
No 1 Red Spg.	‡		‡
No2 HardWint	‡	-1.5	£105.25
Eng. Milling†	‡	......	‡
Other commodities			
Cocoa ship't	£995	-10	£925
Future May	£909.5	-10	£864.5
CoffeeF t'May	£1038.5	+2	£988.5
Cotton A.Index	93.30r	......	97.55r
Rubber (kilo)	58.50p	......	56.50p
Sugar (Raw)	£242	-13	£240
Woolt'ps 64s kl.	323p kilo	-3	309p kilo

† Unquoted. x March-April. v May. u May-June. y April. z Indicator. § Buyer. ‡ Per 76 lb flask. * Nominal.

POTATOES

LONDON POTATO FUTURES—Markets fell sharply on April and November during early trade, stabilising before lunch at around £1 down. February remained steady at around £67.00. Afternoon trade saw April heavily traded with prices very erratic, but generally firming, and closing unchanged on the day, reports Coley and Harper. Closing prices: April 59.70 unchanged (high 60.00, low 58.40). Nov. 56.90 -90 (high 58.00, low 56.70). February 66.80 -30 (high 67.00, low 66.20). Turnover: 248 (58) lots of 40 tonnes.

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HIDES — Manchester: virtually unchanged. Second clears. Ox 31-35.5 kilos, 40.3p a kilo (40p a kilo withdrawn); 26-30.5 kilos, 45.1p a kilo withdrawn (47.1p a kilo, withdrawn); 22-25.5 kilos, 52.9p a kilo (52.1p a kilo withdrawn). Light cows 43p a kilo (43.1p a kilo withdrawn.

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GRIMSBY FISH—Supply good, demand good. Prices at ship's side (unprocessed) per stone: Shelf cod £3.70-£4.50, codlings £2.00-£2.50. Large haddock £4.60-£5.00, medium £3.60-£4.10, small £2.60-£3.00. Best small plaice £2.80-£3.00. Skinned dogfish, medium, £9.20-£11.80. Saithe £1.50-£2.00.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets on March 5. GB—Cattle 89.04p per kg lw (−0.68). UK—Sheep 169.52p per kg est dcw (−4.60). GB—Pigs 72.96p per kg lw (+2.43).

SMITHFIELD—pence per pound. Beef: Scotch killed sides 72.8 to 76.5. Veal: Dutch hinds and ends 111.0 to 114.0. Lamb: English small 65.0 to 83.0, medium 67.0 to 81.0, heavy 65.0 to 81.0. Imported frozen:—NZ pl 55.0-57.0, pm 55.0 to 56.0. Pork: English, under 100 lbs 41.0 to 50.0, 100-120 lbs 42.8 to 49.0, 120-160 lbs 39.5 to 47.0.

AMERICAN MARKETS

NEW YORK, March 5.

PRECIOUS METALS advanced on short-covering finishing with moderate gains. Copper advanced on dealer buying and price fixing of producer quotes. Light buying and short-covering rallied the cotton market from sharp previous setbacks. Cocoa declined moderately on producer and arbitrage selling. Coffee finished slightly higher on light wholesale interest. Sugar prices suffered heavy losses after a private crop estimate reported a higher than expected 1981 European beet acreage. An early rally in grains and soyabeans turned into moderate losses across the board except in wheat which finished mixed, reported Heinold.

Copper—Mar. 78.90-79.00 (78.20), April 80.00 (78.20), May 81.00-81.30, July 83.20-83.60, Sept. 85.60, Dec. 88.85, Jan. 89.80, Mar. 91.75, May 93.50, July 95.25, Sept. 97.40, Dec. 99.60, Jan. 100.45. Sales: 5,000.

Potatoes (round whites)—April 142.5-142.7 (135.2), Nov. 88.5 (88.6). Sales 2,904.

Sugar—No. 11: May 22.21-22.30 (23.01), July 22.45-22.50 (23.28), Sept. 22.61, Oct. 22.48, Jan. 21.03, Mar. 20.93, May 21.00, July 21.00. Sales 9,820.

Tin—618.0-625.0 (618.0-626.0).

CHICAGO, March 5.

Lard—Chicago loose 19.75 (19.60). Live Cattle—April 63.45-63.52 (62.92), June 66.65-66.57 (66.17), Aug. 67.00-66.90, Oct. 65.55-65.45, Dec. 66.70-66.50, Feb. 67.30, April 69.00.

Live Hogs—April 43.35-43.40 (42.75), June 47.40-47.50 (47.02), July 48.70-48.80, Aug. 47.60-47.80, Oct. 46.95, Dec. 50.0, Feb. 53.00, April 52.20, June 57.00

‡‡Maize—March 348-348½ (348¾), May 355½-356 (356½), July 360½-361, Sept. 356-356½, Dec. 352¾-353, March 363.

Pork Bellies—March 47.70-47.75 (47.45), May 48.30-49.75 (49.40), July 51.05-51.21, Aug. 50.40-50.20, Feb. 62.10, March 61.70, May —.

Silver—March 1180.0 (1160.0), April 190.0 (1175.0), May —, June 1217.0, Aug. 1247.0, Oct. 1277.0, Dec. 1307.0, Feb. 1337.0, April 1367.0, June 1397.0, Aug. 1427.0, Oct. 1457.0, April 1547.0, June 1577.0, Aug. —, Oct. —.

†Soyabeans—March 703½ (704½), May 727-728 (729), July 749-750, Aug. 755½-756½, Sept. 759, Nov. 773-774½, Jan. 792-793, March 814.

‖Soyabean Meal—March 201.0 (200.5), May 207.0-207.5 (208.4), July 213.5-213.2, Aug. 215.5, Sept. 218.0, Oct. 219.0-219.5, Dec. 222.5, Jan. 224.5-225.5, March —, May —.

Soyabean Oil—March 23.25 (23.13), May 23.85-23.90 (23.75), July 24.65-24.75, Aug. 25.00-25.05, Sept. 25.30, Oct. 25.65, Dec. 26.30, Jan. 26.50-26.55, March 27.10-27.15, May 27.60-27.70.

†Wheat—March 427 (421¾), May 431½-433 (429), July 432½-432, Sept. 45½, Dec. 467, March 483½.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

Coffee—"C" Contract: March 120.30-121.00 (121.75), May 123.00 (123.58), July 124.11-124.25, Sept. 125.10-125.50, Dec. 124.00-124.20, March 123.50-124.00, May 123.25, July 121.00-124.50. Sales: 1,330.

Cotton—No. 2: March 87.25-87.50 (87.50), May 87.90-88.05 (88.97), July 87.80-87.85, Oct. 84.60, Dec. 81.50, March 82.25-82.50, May 83.17-83.50, July 83.70-84.00. Sales: 8,500.

*Gold—March 458.7 (482.8), April 460.5-461.5 (476.0), May 466.1, June 470.0-471.6, Aug. 483.0, Oct. 493.5, Dec. 501.0, Feb. 516.2, April 527.7, June 539.4, Aug. 551.3, Oct. 563.4, Dec. 575.7. Sales: 40,000.

Orange Juice—March 133.80 (135.25), May 139.50-139.90 (141.55), July 144.40-144.70, Sept. 147.60-147.75, Nov. 145.00, Jan. 141.25, March 142.25-142.40, May 143.15-143.40, July 144.05-144.30. Sales: 1,700.

*Platinum — March 435.0 (444.9), April 438.0-440.0 (449.5), May —, July 457.0-458.5, Oct. 479.0, Jan. 495.8, April 514.8. Sales: 2,164.

¶Silver—March 1140.0 1145.0 (1208.0.) April 1170.0 (1220.0), May 1188.0, July 1221.5, Sept. 1255.0, Dec. 1304.0, Jan. 1320.0, March 1352.0, May 1384.0, July 1416.0, Sept. 1448.0, Dec. 1496.0. Sales: 3,800. Handy and Harman bullion spot 1152.0 (1177.0).

CHICAGO, March 4.

Chicago Imm Gold—March 458.5-458.0 (473.7), April 465.0, June 470.5-471.5, July 492.9, Sept. 486.5, Oct 510.5, Dec. 505.0, Jan. 528.2, March 516.0, April 546.1.

WINNIPEG, March 4.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 265.30 (268.65).

EUROPEAN MARKETS

ROTTERDAM, March 5.

Wheat—U.S. Two Dark Hard Winter 13.5 per cent Mar. $215, April/May/June $216. U.S. No Two Red Winter Mar. $205, April $205, May $208. U.S. No Two Northern Spring 14 per cent April/May $210, May $209.50, June $212, July $213, Aug. $213.50, Sept. $215.50.

Maize—AFL $164, Mar. $164 April $166, May $168.50, June $170.50, July/Sept. $172.50, Oct./Dec. $170.

Soyabeans—U.S. Two Yellow Gulfports Mar. $393.25, April $297.25, May $300, June $304.75, July $307.75, Aug. $310.75, Sept. $315.50, Oct./Nov. $315.75, Dec. $322. Argentine June/July $300 sellers.

Soyameal—44 per cent protein U.S. AFL $265, Mar. $259, April $261, April/Sept. $268, Nov./Mar. $284.50. Brazil Pellets AFL $278, Feb. $277, Mar. $275, April/May $272.50, April/June $274, April/Sept. $279.

PARIS, March 5.

Cocoa (FFr per 100 kilos)—Mar. 950/985, May 990/1015, July 1010, Sept. 1055, Dec. 1092/1108, Mar. 1125/1135, May 1146/1160. Sales at call 0.

Sugar (FFr per tonne)—May 2960/2965, July 2930/2970, Aug. 2875/2880, Oct. 2790/2799, Nov. unquoted, Dec. 2822/2710, Mar. 2580/2650, May 2580/2650. Sales at call 10.

INDICES

FINANCIAL TIMES

Mar. 4	Mar. 3	Month ago	Year ago
256.40	257.11	253.77	304.85

(Base: July 1, 1952=100).

MOODY'S

Mar. 4	Mar. 3	Month ago	Year ago
1125.9	1125.1	1164.5	1427.6

(December 31, 1931=100)

DOW JONES

Dow Jones	Mar. 4	Mar. 3	Month ago	Year ago
Spot	417.33	431.65	421.59	441.88
Fut'res	429.71	434.97	439.12	463.44

(Average 1924-25-26=100)

REUTERS

Mar. 5	Mar. 4	M'nth ago	Year ago
1723.0	1732.4	1687.3	1797.8

(Base: September 18, 1931=100)

Approaching Budget inhibits interest in all sectors
Equity leaders ease late on power workers' news

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Feb. 9	Feb. 26	Feb. 27	Mar. 9
Mar. 2	Mar. 12	Mar. 13	Mar. 23
Mar. 16	Mar. 26	Mar. 27	Apr. 6

* "New time" dealings may take place from 9 am two business days earlier.

Investment interest was restrained to a more marked degree yesterday by the approaching Budget and all sectors of London stock markets were quiet and uneventful. Leading industrials and British Funds strayed either side of their overnight closing levels for most of the session and it was left to secondary issues to provide the main source of interest.

Hints that the Chancellor may help industry by lowering the cost of energy failed to assist equities, potential institutional buyers being unwilling to commit funds ahead of the Chancellor's Budget proposals.

Despite the lack of trade, most leading shares held steady until the last hour or so of business when a slightly easier trend began to emerge. The FT 30-share index, which fluctuated within the extremely narrow range of a point until the 3.00 pm calculation, ended the day with a fall of 3.8 at 496.2. Late sentiment was affected by the power workers' rejection of a pay offer of nearly 11 per cent.

Hopes that the preliminary results of Barclays Bank, which were slightly below market estimates, would generate business in the Banking sector were misplaced and the leaders eased a shade. Davy Corporation, on the other hand, responded to the interim figures and encouraging tenor of the statement concerning current trading; earlier this week, Enserch lapsed its offer for the company following its referral to the Monopolies Commission.

The volume of trade in Gilt-edged securities remained at a low level and the final trend was slightly easier. Persistent small demand from private clients had little impact on medium and long-dated issues which closed ¼ easier in places. Short-dated stocks opened marginally higher, but subsequently drifted back to end the day ½ cheaper on balance. Exceptionally, Treasury Variable 1983, up $\frac{1}{16}$ at 97$\frac{5}{16}$, encountered fresh support, although speculation about a possible change in the method of calculating Treasury Bill rate tended to fade.

Exceptionally quiet conditions prevailed in Traded options with total contracts amounting to only 439.

Barclays easier

A couple of pence harder in front of the preliminary results, Barclays reacted on the mildly disappointing annual profits to close a net 3 down at 405p. The other major clearers softened in sympathy with NatWest also closing 3 off at 365p. Midland, the last to report full-year figures on March 20, ended unaltered at 335p, after 338p. Continuing to reflect fading bid hopes, Grindlays relinquished 3 more to 165p. Hong Kong and Shanghai lost 6 at 178p. Merchant banks were occasionally dearer. Rea Bros. hardened 2 to 110p in response to the proposed 20 per cent scrip-issue and higher annual earnings.

Lloyds brokers made the running in Insurances. Willis Faber stood out with a gain of 10 at 307p, while C. E. Heath rose 8 to 228p. Elsewhere, Combined Insurance Company of America firmed 50 to 830p: the price in yesterday's issue was incorrect.

Nervousness ahead of next week's Budget proposals spread to Wines and Spirits. Highland declined 6 to 91p and Distillers eased 3 to 183p. Arthur Bell closed 4 lower at 166p, but renewed support in front of the annual results, due on March 24, helped Tomatin rise 6 to 102p.

Leading Building issues were listless. Blue Circle shed 4 to 372p and Redland 3 to 164p. Among secondary issues, MDW, up 17 on Wednesday on news of a bid approach, touched 95p before closing a net 3 cheaper at 87p. Recently-firm Brown and Jackson shed 7 to 89p, but A. Monk gained 3 to 30p following an investment recommendation. Comben relinquished 2 to 46p after the results and Heywood Williams shed 4 to 30p on profit-taking. Against the trend, Robert Adlard rose 7 to 103p on speculative buying, while Derek Crouch gained 10 to 163p in response to the doubled annual profits and the chairman's confident remarks. Phoenix Timber rose 2 to 98p; Mr. M. J. Herman has acquired a 13.4 per cent stake in the company.

In a small two-way business, ICI were finally 2 cheaper at 250p.

Bakers good again

Leading Stores remained subdued and tended to drift slightly lower. A sizeable put-through was done in Debenhams, a penny cheaper at 87p, while House of Fraser attracted scattered support and closed the turn harder at 145p. Among secondary counters, Bakers Household continued to draw strength from the bullish tone of the chairman's statement at the annual meeting and rose 12 for a two-day gain of 20 to 140p. Currys responded to an investment recommendation and closed 11 up at 343p.

Thorn EMI fell to 298p on adverse comment before closing only 2 down on balance at 302p. In a quieter Electrical sector, GEC touched 650p but finished a net 4 lower at 643p and Plessey eased the turn to 315p. Baker Electronic, down 18 the previous day on fears that it would not meet its profits forecast, rallied 10 to 35p on bear closing despite announcing reduced first-half profits and the warning of a loss in the second half. Kode International advanced 8 to 293p after the results, George Scholes put on 8 at 250p.

Dull earlier this week on the lapsing of Enserch of America's bid, worth 197p per share, owing to the Monopolies Commission reference, Davy Corporation rallied 4 to 152p, after 155p, following news of the maintained dividend and 33 per cent jump in interim profits. Ransome Sims and Jefferies rose 4 more for a two-day advance of 20 to 160p on further consideration of the better-than-expected preliminary results, while Matthew Hall found support at 358p, up 6. Laird appreciated 4 to 116p. Still reflecting frustrated bid hopes following Bardsey's sale of its near 13 per cent holding in F. Pratt to 600 Group, Pratt softened 2 more to 112p: Bardsey were again fairly active but closed unaltered at 30p, after 31p. Northern Engineering gave up a penny to 79½p owing to adverse comment and Ransome Hoffmann Pollard lost the turn at 81p on news of the rationalisation of its Northampton operations. Tace lost 4 to 18p and Adwest declined a similar amount to 158p. Of the leaders, GKN cheapened 4 to 139p on lack of support but Vickers attained a new 1980-81 peak of 165p with a fresh rise of a penny.

In irregular Foods, Tate and Lyle shed 4 to 166p and Tesco a penny to 57p, but Brooke Bond gained the turn to 47p and RHM improved to 49p. Biscuit concerns attracted support, Associated, 58p, and United, 89p, firming 2 apiece.

Ryan Hotels gave up 2 to 13p on the poor results and dividend cut.

Secondary issues provided the main features among miscellaneous industrials. J. Bibby lost 12 to 272p following profit-taking in the wake of the satisfactory preliminary results, while De La Rue declined 25 to 645p on sporadic offerings in a thin market. Staffordshire Potteries softened a couple of pence to 48p, reacting to news of the interim dividend omission and first-half deficit; in sympathy, Wade Potteries gave up 5 at 50p. Sangers, on the other hand, rose 6 afresh to 62p, after 63p, owing to a continuation of recent speculative buying. Hunting Associated added 7 at 327p and the Deferred 12 at 232p on confirmation that the company had been awarded a £40m JP233 bomb contract. Thomas Jourdan touched 98p after the results before closing only a net penny better at 91p, but Smiths Industries found renewed support at 304p, up 7. Watshams added 13 more at 380p and improvements of around 6 were seen in Crest Nicholson, 149p, Diploma Investments, 179p, Redfearn National Glass, 173p, and Renwick, 89p. The leaders again traded quietly awaiting Tuesday's Budget. Pilkington improved 5 to 300p, but Boots eased 2 to 235p.

The leisure sector had a dull feature in Campari which dropped 5½ to 46p, after 43p, on the sharply lower half-yearly profits and reduced dividend.

Greeting card manufacturer, W. N. Sharpe, spurted 23 to 268p following the pleasing preliminary results: the A shares firmed a similar amount to 258p. Elsewhere, Ault and Wiborg eased 2 to 35p ahead of today's full-year figures.

Business in Properties was scrappy and price movements rarely exceeded a few pence, but the leaders closed slightly better where changed. Land Securities rose 3 to 400p and MEPC 2 to 236p. Elsewhere, Marler Estates gained 4 to 84p pending bid developments.

Oils listless

Oils put on a listless performance awaiting the seventh round North Sea licence awards. British Petroleum, 414p, and Shell, 420p, both eased a couple of pence, while Ultramar, at 500p, gave up 10 of the previous day's gain of 17. Elsewhere, KCA International gained 5 to 185p in belated response to a broker's circular, while Floyd improved 3 to 130p following a drilling report. Sovereign, on the other hand, lacked support and shed 15 to 415p.

A broker's downgraded profits forecast prompted marked weakness in S. and W. Berisford, which fell 9 to 162p, after 160p. British Sugar eased a couple of pence to 268p: the decision of the Monopolies Commission regarding the offer from Berisford is expected shortly. Mitchell Cotts firmed a penny to 49p following the increased interim earnings, while Lonrho added 4 at 99p. Gill and Duffus, on the other hand, lacked support and dipped 7 to 168p.

Among Financial Trusts, demand in a limited market lifted S. Pearson 6 to 220p.

Shippings were featured by Reardon Smith issues which weakened suddenly on profit-taking in the wake of rumours of an attempted large placing: the Ordinary fell 15 to 173p and the A dropped 16 to 162p.

Textured Jersey retained a firm trend and closed 6 to the good at 88p.

An active trade developed in Rothmans International which, with help of call option business, rose 3½ to 50p.

Amog selectively firm Plantations, Malakoff revived with a gain of 12 to 151p and Inch Kenneth rose 7 to 190p.

Golds dip and rally

South African Golds lost ground for the sixth successive trading day following another uncertain performance by the bullion price. The latter fell to $457 an ounce at the morning fixing before recovering to close $1 easier at $463.50.

The sharemarket followed a similar path with prices weakening at the outset, reflecting renewed American selling overnight, prior to staging a minor rally in the afternoon.

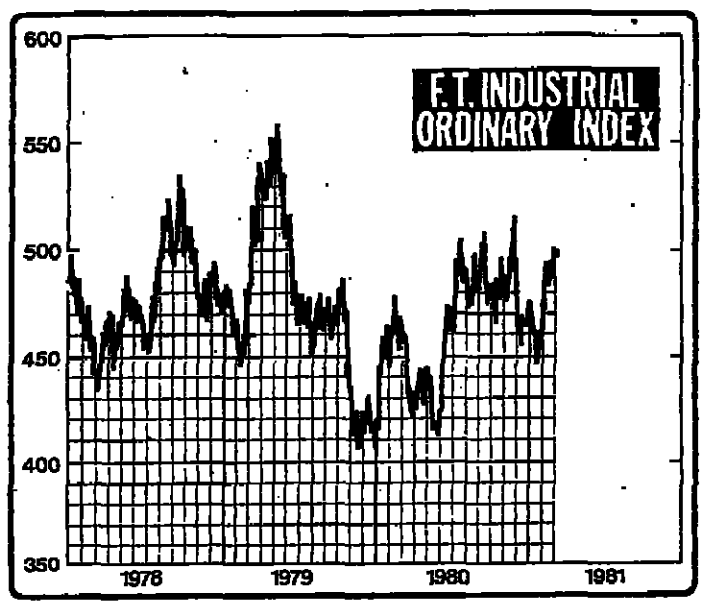
The Gold Mines index gave up 5.5 more to 300.4—a fall of 37.1 on the week so far.

The heavyweights attracted good support in the late trading and West Driefontein were finally ¾ up on balance at £30¾. Vaal Reefs gained a half-point to £28.

On the other hand, losses of between ¼ and a half-point were common to Buffels, £16, Free State Geduld, £17¾ and President Steyn, £15¼.

In the lower-priced issues, Marievale came under pressure and dropped 26 to 143p, after 139p, following the chairman's remarks that underground mining could be forced to cease if gold remains below $500 an ounce.

Financials moved erratically. The London issues fell sharply at the outset, following adverse Press comment on the Gold Fields results, but recovered strongly in the afternoon. Gold Fields dropped to 415p before rallying to close 5 cheaper on balance at 420p, while Charter ended 5 firmer at 215p, after 208p and RTZ 3 up at 420p, after 415p. In South Africans Gencor gave up 25 to 775p ahead of the sharply increased profits and dividend. GFSA remained a weak market and lost a half-point more to a 1980-81 low of £21⅜.



FINANCIAL TIMES STOCK INDICES

	Mar. 5	Mar. 4	Mar. 3	Mar. 2	Feb. 27	Feb. 26	A year ago
Government Secs.	68.61	68.56	68.54	68.97	69.12	69.26	63.94
Fixed Interest	70.66	70.68	70.67	70.75	71.08	71.13	64.74
Industrial Ord.	496.2	500.0	496.2	501.4	506.6	497.8	458.0
Gold Mines	300.4	305.9	306.3	309.9	337.5	342.4	369.3
Ord. Div. Yield	7.11	7.06	7.11	7.04	6.97	7.09	7.35
Earnings, Yld. % (full)	15.30	15.19	15.29	15.16	15.00	16.06	17.29
P/E Ratio (net) (*)	8.06	8.12	8.06	8.14	8.22	7.61	6.89
Total Bargains	24,171	26,120	24,505	24,538	27,462	25,004	21,555
Equity turnover £m.	—	155.31	161.09	124.45	176.73	171.22	106.66
Equity bargains total	—	19,807	21,364	21,126	21,422	21,708	16,211

10 am 499.6. 11 am 500.1. Noon 500.6. 1 pm 500.1.
2 pm 499.8. 3 pm 498.4.
Latest Index 01-246 8026.
* Nil = 7.41.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	72.54 (21/7/80)	63.85 (7/5/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (10/3/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	266.5 (18/3/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Mar. 4	Mar. 3
—Daily		
Gilt Edged Bargains	230.6	232.0
Equities Bargains	128.3	128.4
Value	313.9	325.4
5-day Avrge.		
Gilt Edged Bargains	227.2	231.6
Equities Bargains	136.6	135.5
Value	318.9	309.5

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (94)

BRITISH FUNDS (1)
AMERICANS (6)
BANKS (2)
BUILDINGS (7)
CHEMICALS (1)
DRAPERY & STORES (3)
ELECTRICALS (2)
ENGINEERING (4)
HOTELS (1)
INDUSTRIALS (16)
INSURANCE (2)
LEISURE (1)
MOTORS (1)
NEWSPAPERS (2)
PAPER (1)
PROPERTY (5)
SHIPPING (1)
TEXTILES (2)
TRUSTS (31)
OIL & GAS (1)
OVERSEAS TRADERS (3)
RUBBERS (1)

NEW LOWS (10)

FOREIGN BONDS (1)
Hungary 1924 Ass.

ELECTRICALS (1)
Dale Elec

ENGINEERING (4)
Bromsgrove Casting, Midland Inds., Castings, Tace

TEXTILES (1)
Sunbeam Wolsey

MINES (3)
F.S. Geduld, CRA, Gold Fields S.A.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	4	22	69
Corpns., Dom. and Foreign Bonds	1	6	58
Industrials	253	208	913
Financial and Prop.	143	48	303
Oils	19	20	33
Plantations	5	3	15
Mines	25	68	71
Others	63	19	56
Totals	513	394	1,518

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

		Thurs., March 5, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. March 4 Index No.	Tues. March 3 Index No.	Mon. March 2 Index No.	Fri. Feb. 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	314.51	−0.2	13.18	5.23	9.26	315.01	313.32	316.17	316.38	244.41
2	Building Materials (26)	276.42	−0.1	16.83	6.25	7.09	276.79	276.19	279.76	278.09	237.87
3	Contracting, Construction (26)	492.07	+0.3	18.54	5.16	6.48	490.72	487.97	496.00	493.58	373.34
4	Electricals (27)	1025.08	−0.3	8.47	2.56	14.58	1028.60	1025.82	1032.41	1038.74	638.56
5	Engineering Contractors (11)	420.99	+0.7	14.16	6.15	9.00	417.98	415.05	424.39	415.94	289.78
6	Mechanical Engineering (71)	188.99	+0.3	15.37	6.97	8.15	188.34	186.95	188.05	187.93	166.29
8	Metals and Metal Forming (13)	148.14	−0.7	17.80	11.27	7.12	149.19	148.46	149.66	148.72	168.99
9	Motors (21)	92.00	−0.8	19.69	9.01	5.85	92.72	91.63	92.28	92.37	110.64
10	Other Industrial Materials (16)	320.65	−0.3	14.29	6.70	8.32	321.58	317.19	320.89	322.09	0.00
21	CONSUMER GROUP (198)	251.66	−0.2	15.05	6.26	8.06	252.21	250.27	252.53	253.40	222.71
22	Brewers and Distillers (20)	275.64	−1.1	16.81	6.64	7.06	278.74	277.36	281.83	283.30	268.93
25	Food Manufacturing (23)	227.68	+0.2	17.18	6.88	6.90	227.20	224.94	227.48	226.58	199.82
26	Food Retailing (14)	457.09	−0.2	9.85	3.52	11.99	457.79	457.41	463.94	458.84	308.10
27	Health and Household Products (7)	263.66	—	10.07	5.41	11.80	263.79	259.31	260.21	262.99	211.89
29	Leisure (22)	368.50	−0.2	15.17	6.21	8.13	369.25	368.58	374.49	373.59	310.90
32	Newspapers, Publishing (12)	451.28	+0.2	19.48	6.92	6.70	450.45	449.12	448.99	446.69	436.10
33	Packaging and Paper (15)	127.28	—	25.09	9.51	4.62	127.31	125.42	126.74	126.95	130.61
34	Stores (44)	260.39	−0.5	11.43	4.86	11.46	261.79	259.13	259.95	261.38	224.61
35	Textiles (21)	144.57	−0.2	17.74	9.23	7.37	144.85	143.33	145.24	144.51	128.56
36	Tobaccos (3)	226.45	+1.9	25.10	10.28	4.54	222.32	222.72	223.20	229.47	199.40
39	Other Consumer (17)	261.85	−0.2	14.32	7.34	8.45	262.40	261.98	264.52	263.57	0.00
41	OTHER GROUPS (79)	212.87	−0.3	13.89	7.16	8.99	213.52	211.99	213.44	214.64	208.13
42	Chemicals (15)	254.78	−0.6	11.37	8.21	11.54	256.24	253.76	255.92	261.05	306.79
44	Office Equipment (6)	110.65	−0.4	16.82	7.51	7.05	111.12	108.88	110.40	110.49	117.56
45	Shipping and Transport (13)	586.20	—	12.91	6.30	9.51	586.18	582.53	585.32	578.49	478.18
46	Miscellaneous (45)	273.05	−0.1	16.28	6.26	7.54	273.35	272.97	274.06	273.53	245.37
49	INDUSTRIAL GROUP (488)	267.91	−0.2	14.20	5.99	8.59	268.46	266.65	268.99	269.71	231.57
51	Oils (12)	877.12	−0.5	27.38	6.00	4.07	881.84	874.46	880.24	882.51	824.02
59	500 SHARE INDEX	316.19	−0.3	17.05	6.00	6.93	317.07	314.82	317.43	318.28	278.20
61	FINANCIAL GROUP (118)	249.72	—	—	5.47	—	249.68	247.94	249.08	251.06	195.56
62	Banks (6)	235.71	−0.5	41.41	7.55	2.96	236.83	233.60	233.82	239.86	218.80
63	Discount Houses (10)	305.08	—	—	6.07	—	305.15	308.57	312.91	311.78	214.29
64	Hire Purchase (4)	241.78	+1.6	9.74	5.40	14.50	237.98	238.32	239.58	238.88	186.62
65	Insurance (Life) (10)	262.57	+0.3	—	5.02	—	261.85	260.78	260.95	263.46	175.40
66	Insurance (Composite) (9)	162.51	−0.7	—	7.36	—	163.61	161.71	161.98	162.92	126.00
67	Insurance Brokers (9)	361.72	+2.4	12.61	6.40	10.85	353.39	348.05	356.39	352.51	285.13
68	Merchant Banks (13)	156.22	+0.3	—	4.96	—	155.74	155.77	155.39	152.59	103.73
69	Property (46)	481.09	+0.3	3.13	2.59	44.37	479.52	478.13	482.45	487.12	368.22
70	Miscellaneous (11)	178.99	−0.3	15.19	5.19	8.38	179.58	180.00	180.91	178.16	132.13
71	Investment Trusts (109)	295.05	+0.4	—	5.22	—	293.90	291.91	291.37	290.48	221.31
81	Mining Finance (3)	212.51	+0.2	15.92	6.31	7.45	212.18	213.27	215.08	223.57	216.39
91	Overseas Traders (20)	446.69	−0.1	11.97	6.64	10.27	447.01	447.46	449.47	451.35	416.69
99	ALL-SHARE INDEX (750)	302.29	−0.2	—	5.87	—	302.80	300.81	302.88	304.16	259.33

FIXED INTEREST PRICE INDICES

	British Government	Thurs., March 5	Day's change %	Wed. March 4	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.96	−0.06	108.02	—	2.48
2	5-15 years	110.44	−0.03	110.48	—	1.95
3	Over 15 years	112.50	−0.03	112.53	—	2.16
4	Irredeemables	124.92	—	124.92	—	1.78
5	All stocks	109.98	−0.04	110.02	—	2.16

FIXED INTEREST YIELDS
British Govt. Av. Gross Red.

			Thurs., March 5	Wed. March 4	Year ago (approx.)
1	Low Coupons	5 years	11.42	11.39	13.21
2		15 years	12.37	12.38	13.88
3		25 years	12.60	12.60	13.08
4	Medium Coupons	5 years	13.20	13.17	15.16
5		15 years	13.94	13.93	14.67
6		25 years	13.81	13.80	14.45
7	High Coupons	5 years	13.20	13.18	15.27
8		15 years	14.16	14.15	15.08
9		25 years	14.00	13.98	14.86
10	Irredeemables		11.80	11.79	12.47

		Thur., Mar. 5 Index No.	Yield %	Wed. Mar. 4	Tues. Mar. 3	Mon. March 2	Friday Feb. 27	Thur. Feb. 26	Wed. Feb. 25	Tues. Feb. 24	Year ago (approx)
15	20-yr. Red. Deb. & Loans (15)	52.39	†14.13	52.48	52.41	52.40	52.37	52.37	52.32	52.33	50.20
16	Investment Trust Prefs. (15)	51.01	13.26	51.01	51.06	51.06	50.90	50.90	50.76	50.76	47.56
17	Coml. and Indl. Prefs. (20)	68.20	13.29	68.38	68.50	68.54	68.37	68.29	68.57	68.41	61.04

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the [illegible] Cannon Street, London, EC4P 4BY, price 15p. by post 26½p.

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ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Bardsey	30		Reardon Smith A	162	−16
Berisford (S. W.)	162	− 9	Rothmans	50	+ 3½
Bibby (J.)	272	−12	Sangers	62	+ 6
Brit. Sugar	268	− 2	Sharpe (W. N.)	268	+23
Davy Corp.	152	+ 4	Thorn EMI	302	− 2
M.D.W.	87	− 3	Ultramar	500	−10

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wed.'s closing price pence	Day's change	Stock	No. of price changes	Wed.'s closing price pence	Day's change
Ultramar	26	510	+17	Thorn EMI	18	304	− 4
Unilever	24	488	+13	Trnr. & Newall	15	76	+ 1
GEC	23	647	+ 2	Beecham	14	165	+ 5
ICI	20	252	+ 4	Imp. Cont. Gas	14	230	+ 2
Stg. Cr. 8pcCv.	19	165	—	Mks. & Spncr.	14	124	+ 1
Cons. Gold	18	425	—	Metal Box	13	180	+ 6
RTZ	18	417	− 3	Plessey	13	316	+ 4

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Mar. 9	Mar. 20	June 11	June 22
Mar. 23	Apr. 3	June 25	July 6
Apr. 6	Apr. 17	July 9	July 20

For rate indications see end of Share Information Service

Money was given for the call of Brent Walker, Carless Capel, FNFC, Dunlop, Double Eagle, London and European, Montague L. Meyer, Rothmans, Bardsey, Reardon Smith A, Debenhams, Charterhall and Campari. Puts were transacted in Lucas, Reardon Smith A and Arrow Chemicals, while doubles were arranged in Double Eagle, Reardon Smith A and Westminster Properties.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
150	F.P.	3/4	179	170	British Aerospace 50p	176	+1	b7.8	2.0	6.3	11.5
10p	F.P.	27/3	16¼	13¾	✻Crest Intl Scs. 10p	16	.....	—	—	—	—
§‡	F.P.	—	8	6½	✻Dunton 5p	7½	.....	—	—	—	—
75‡	F.P.	—	105	90	Espley-Tyas Prop.	93	+1	b3.92	1.2	6.0	18.3
100	F.P.	13.3	102	95	New Darien Oil Trust	100	.....	—	—	—	—
48p	F.P.	13/5	45	38	Oil & Gas Production	39	.....	—	—	—	—
4.2p	P.P.	13/5	9	7½	Do. ($0.01 pd.)	7½	.....	—	—	—	—
§§	F.P.	—	14	12	✻Parkfield Fndrs. 5p	13	.....	0.68	6.4	9.3	2.4
81‡	F.P.	16/2	106	96	Sonic Sound Audio 10p	102	+1	b4.48	1.9	6.3	9.9
**	F.P.	9/2	84	72	Westpool Inv. Defd	74	−2	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1980/81 High	1980/81 Low	Stock	Closing Price £	+ or −
¶100	£10	21/5	12	11½	Bristol Water 8% Red. Pref '86	12	.....
‖	F.P.	12/2	119	106½	Crystalate 9¾% Cnv. Uns. Ln. '99-2000	119	.....
96	£20	27/3	21⅛	20¾	Iceland 14½% 016	20¾	.....
¶100	£10	24/7	12	12	Mid-Sussex Water 8% Pref. 1986	12	.....
‖	F.P.	20/1	135p	107p	Paterson (R.) 11½% Cum. Cnv. Prf.	132p	−1
‖	F.P.	13/2	127	113	Portals 9¼% Cnv. 1994-2000	127	.....
110⅛	F.P.	—	169p	147p	Sterling Credit 8% Cnv. Red. Cum. Prf.	169p	+4
100	Nil	—	11pm	9pm	Yorks Fine Wool 11% Cum. Red. Cnv. Prf	11pm	.....

"RIGHTS" OFFERS

Issue Price p‡	Amount paid up	Latest Renunc. Date ●	Latest Renunc. Date ■	1980/81 High	1980/81 Low	Stock	Closing price p‡	+ or −
128 p	F.P.	27/2	27/3	128	115	Argyll Foods	118	−1
154 p	Nil	9/3	22/5	27pm	17pm	Assoc. Dairies	26pm	.....
$A9	Nil	—	—	185pm	175pm	Broken Hill Prop.	185pm	+5
45	F.P.	18/2	13/3	65	51½	Hampton Trust	54½	.....
184	F.P.	29/1	13/3	240	188	Johnson, Matthey	235	.....
45p	Nil	9/3	3/4	5pm	2½pm	Paradise B.	2½pm	−½
60	F.P.	18/2	27/3	87	71	Norcros	87	.....
320	F.P.	23/1	20/3	390	330	Royal Insurance	387	−3

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *g* Assumed dividend and yield. *u* Forecast dividend: cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimate for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. p‡ Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or takeover. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ✭ With warrants. †† Dealings under special Rule. ✻ Unlisted Securities Market. ‡‡ London Listing. ‡ Resulting from debt settlement scheme. ‼ Units comprising 125 A Ord. & 5 12½% Cum. Pref.

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 93.6 93.7xd 14.94
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Gruneburgweg 113, 6000 Frankfurt
Investa DM30.00 31.60 −0.20 —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. Feb. 24 $3.96 4.16 ..... —

Deutscher Investment-Trust
Postfach 2685 Biebergasse 6-10 6000 Frankfurt
Concentra DM15.70 16.80 ..... —
Int. Rentenfonds DM59.10 62.10 +0.10 —

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.
NAV Feb. 24 US$29.69 31.59 ..... —

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933
E.D.I.C.T. 152.6 163.8 ..... 2.20

The English Association
4 Fore Street, EC2. 01-588 7081
E. A. Income Fund* 58.1 61.9 ..... 8.08
E. A. Sterling* £67.14 67.18xd ..... —
E. A. Equity* £67.44 71.75 ..... 1.74
Wardgate Cm. Fd.** £17.39 18.09xd 2.87
*Next dealing Mar. 11. **Next dealing Mar. 31.

Eurobond Holdings N.V.
Pietermaai 15, Willemstad, Curacao.
London Agents: Intel 15 Christopher St., EC2. Tel: 01-247 7243. Telex 8814408.
Euro Hldgs. US$19.61 20.25 ..... 9.50

S.G. Europe Obligations S.A.
9, Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury Hse, London Wall EC2M 5TA. Tel. 01-920 0776 Telex 887281
Europe-Obligations US$43.52 +0.55 1.94

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381
HS Channel Is. Fd. 145.6 155.3 ..... 3.00
H.S. Fixed Int. Fd. 91.0 96.0xd 12.50
Box 2622, Berne, Switzerland. Telex 33425.
H.S. Overseas Fd. US$24.48 25.46 +0.07 —
CSF Fd. (Acc.) SF18.24 18.63 −0.30 —
Crossbow Fd. SF6.57 6.69 −0.20 —
ITF Fd. (Acc.) US$13.56 13.82 +0.09 —

N.V. Interbeheer
P.O. Box 526, Delft, Holland
Esmeralda (Iss. Price) DFL65.26 — −0.10 2.76

International Pacific Inv. Mgmt. Ltd.
P.O. Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst. A$3.67 3.77 ..... 5.30

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine J'pn. Fd. Y2,208 ..... 0.7
Do. (Accum.) Y2,215 ..... —
J.F. Japan Small Co. Y12,786 ..... —
Jardine Estn. Tst. HK$97.88 ..... 1.30
Intl. Pac. Secs. (Inc.) HK$28.87 ..... 0.70
Do. (Accum.) HK$30.02 ..... —
Jardine Flem Int. HK$26.87 ..... 0.40
Jardine S.E.A. US$44.16 ..... 1.10
J.F. Cur. & Bd. Fd. (Inc.) US$11.47 ..... 6.60
Do. (Accum.) US$12.76 ..... —
Japan & Pacific Cm Tst US$12.14 ..... 5.0
NAV February 20.
London Agents: Robt. Fleming & Co. Tel: 01-638 5858

Leopold Joseph & Sons (Guernsey)
Hirzel Ct., St. Peter Port, Guernsey. 0481-26648
L.J. Sterling Fund £12.85 12.86 ..... —

Kemp-Gee Management, Jersey Ltd.
1 Charing Cross, St. Helier, Jersey 0534 73741
SKG Capital Fund 149.9 154.5 ..... 11.75
KG Income Fund 52.1 53.8 ..... —
Gilt Bond £1.015 1.069 ..... —

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE. 01-606 7070
Central Assets £187.57 187.60 +0.15 —

King & Shaxson Mngrs.
1, Charing Cross, St. Helier, Jersey. (0534) 73741
Valley Hse., St. Peter Port, Grnsy. (0481) 24706
1 Thomas Street, Douglas, I.O.M. (0624) 4856
Gilt Fund (Jersey) £8.10 8.13 ..... 13.00
Gilt Trust (I.o.M.) 93.2 95.6xd 13.00
Gilt Fnd. Guernsey 8.32 8.35xd 13.00
Intl. Govt. Secs. Tst.
First Sterling £13.00 13.12 ..... —
First Intl. $204.07 204.92 ..... —

Kleinwort Benson Group

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	59.2	63.7	+0.5	2.28
Abbey Capital	46.3	49.9	—	4.91
Abbey General	56.6	60.1	—	5.11
Abbey Gilt & F.I. Tst.	103.8	109.3xd	−0.2	11.99
Abbey Income	35.6	38.5	+0.1	9.21
Abbey W'Wide Bd Tst.	95.2	100.7	+0.7	6.65
Abbey Inv. Tst. Fd.	50.8	54.9	+0.3	4.43
Equitas Prog. Tst.	81.1	87.7	—	4.66

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	86.1	90.6xd	—	12.75

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	89.0	95.2xd	+0.4	5.88
Brit. Inds. Fund	77.4	82.8	+0.1	4.16
Growth & Income	50.7	54.2	−0.2	4.98
Elect. & Ind. Dev.	45.0	48.2	+0.2	5.19
Allied Capital	97.3	104.1	—	4.42
Hambro Fund	132.3	141.6	—	6.11
Hambro Acc. Fund	182.2	194.9	−0.2	4.67
Income Funds				
High Yield Fd.	64.3	68.8xd	+0.2	8.72
High Income	84.6	90.5xd	+0.3	7.15
Equity Income Fd.	45.5	48.7xd	+0.1	7.52
Govt. Secs.	25.4	26.1	−0.1	11.38
International Funds				
International	34.4	36.8xd	+0.2	2.37
Japan Fund	25.0	26.7	—	0.36
Pacific Fund	66.8	71.5	+0.2	1.15
Secs. Of America	74.5	79.9	+0.9	2.00
Specialist Funds				
Smaller Co.'s Fd.	56.0	59.9	+0.2	4.34
2nd Smlr. Co's Fd.	67.2	71.9xd	+0.1	4.17
Recovery Sits.	137.7	147.3	+0.3	5.16
Met. Min. & C'dty.	66.7	71.4	+0.2	5.34
Overseas Earnings	68.5	73.3	−0.2	5.05
Exempt Funds				
Income Exempt	58.1	52.6	+0.1	8.08
Far East Exempt	70.2	73.0	−0.1	1.03
Smaller Co. Exempt	89.0	93.4	+0.2	4.28
U.S.A. Exempt	125.6	130.6xd	+0.4	2.49

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	67.2	72.1	—	3.96

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931.

Inc. Monthly Fund	148.0	158.0xd	—	—

Anthony Wieler Unit Tst. Mgmt. Ltd.
19, Widegate St., London, E1 7HP. 01-247 6827

Wieler Gwth Fd. Inc.	39.0	41.1xd	—	3.61
Do. Accum.	49.6	52.3	—	3.61

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

[illegible]

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	41.3	44.6	+0.4	0.56
Cres. Internat'l.	79.0	85.3	+0.6	1.83
Cres. High. Dist.	44.5	48.0	+0.1	9.90
Cres. Reserves	50.0	54.0xd	—	5.44
Cres. Tokyo	32.9	35.5	—	0.99

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.5	—	10.31

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Feb. 27	237.8	253.6	—	5.21

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	18.5	20.4	—	6.93
Gt. Winchester O'seas	27.6	30.4	—	3.47

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	90.9	94.7	—	4.55

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	34.8	37.5	+0.3	0.73
Amer. Spec. Sits. (z)	25.8	27.8	+0.3	0.84
Gilt + Fixed Int.	24.9	26.3	−0.1	12.06
Growth + Income	31.8	34.2	+0.1	6.91
Maximum Inc. Eq. Tst.	26.7	28.8xd	+0.2	8.00
Special Sits.	38.7	41.7	−0.2	1.88

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	38.1	47.0	—	2.15
Accum. Units	47.2	50.8	—	2.15
J. Finlay High Income	36.2	38.9	—	9.85
Finlay Wld. Energy	18.4	19.8	−0.1	1.70
Accum. Units	23.7	25.5	−0.1	1.70
J. Finlay Fd. In. Tst.	37.8	40.6	—	5.01
Accum. Units	47.8	51.4	—	5.01

Prices on Mar. 4. Next dealing Mar. 11.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	75.8	81.0	+0.6	0.82
Am. T'around	70.8	75.6	+0.6	1.58
Capital Tst.	60.6	64.8	—	5.35
(Accum. Units)	63.0	67.2	—	5.15
Convertible & Gilt	48.0	50.4	—	10.1
(Accum. Units)	48.0	50.4	—	10.1
Extra Income Trust	49.8	53.2xd	+0.2	9.98
Income Tst.	40.6	43.4	—	7.73
Int. Growth Fd.	63.4	67.8	+0.4	1.48
(Accum. Units)	68.2	72.8	+0.4	1.48

Robert Fraser Trust Mgt. Ltd.
28b Albemarle St., W.1. 01-493 3211

Robt. Fraser Ut. Tst.	84.9	91.3	—	6.00

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	63.1	67.4	—	4.35
Do. Accum.	90.8	97.1	+0.1	4.35

Funds in Court*
Public Trustee, Kingsway, WC2. 01-405 4300

[illegible]

INSURANCE PROPERTY BONDS

[illegible]

NPI Pensions Management Ltd.
48 Gracechurch St., EC3P 3HH. 01-623 4200

Managed Fund	233.4	243.1	—

Prices March 2. Next dealing April 1

New Zealand Ins. Co. (UK) Ltd.♥
Maitland House, Southend SS1 2JS 0702 62955

Kiwi Key Inv. Plan	247.2	264.9	—	—
UK Equity	99.5	104.8	+0.3	—
American	140.2	147.6	−0.4	—
Pacific	215.6	227.0	−0.8	—
Property	112.4	118.3	—	—
Gilt	124.1	130.7	—	—
High Inc. Equity	102.4	107.8	+0.2	—
High Inc. Fxd. Int.	98.1	103.3	—	—
Deposit	117.5	123.7	—	—

Norwich Union Insurance Group♥
PO Box 4, Norwich NR1 3NG. 0603 22200

Managed Fund	277.2	291.8	+0.1	—
Equity Fund	461.4	485.7	+0.5	—
Property Fund	185.3	195.0	—	—
Fixed Int. Fund	173.9	183.0	−0.1	—
Deposit Fund	133.6	140.6	—	—
Nor. Units Feb. 15		260.7	—	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	155.0	163.2	—	—
Ebr. Ph.Eq.E.	115.6	121.8	—	—

Planned Savings Group.
25 Worship St., London, EC2A 2AB. 01-920 0661

1st Managed	86.1	91.2	—	—
1st Fixed Interest	64.8	68.7	—	—
4th Managed	54.4	57.7	—	—
5th Managed	58.5	62.0	—	—
Pension Managed	55.98	59.34	—	—
Family Managed	142.4	145.3	+0.5	—
Do. B Managed	77.6	79.1	+2.4	—
Do. C Britannia	58.6	59.8	+2.2	—
Do. D Fxd. Int.	93.7	95.6	+1.9	—
Family Capital Fund	75.8	77.3	+5.0	—

Target Life Assurance Co. Ltd.
Target House, Gatehouse Road, Aylesbury, Bucks. Aylesbury (0296) 5941

Man. Fund Inc.	128.1	134.8	−4.0	—
Man. Fund Cap.	128.7	135.3	+3.9	—
Man. Fund Acc.	170.8	179.8	+2.9	—
Man. Fd. Init.	133.1	140.1	+1.3	—
Prop. Fund Inc.	136.1	143.3	—	—
Prop. Fd. Cap.	128.3	135.0	—	—
Prop. Fd. Acc.	187.7	197.6	—	—
Prop. Fd. Init.	136.8	144.0	—	—
Prop. Fd. Inv.	139.0	—	—	—
Fixed Int. Fd. Inc.	121.0	127.4	−0.6	—
Fixed Int. Fd. Cap.	112.9	118.8	−0.5	—
Fixed Int. Fd. Acc.	121.0	127.4	−0.6	—
Fixed Int. Fd. Init.	120.5	126.8	−0.6	—
Dep. Fd. Inc.	108.7	114.4	+0.2	—
Dep. Fd. Acc.	108.7	114.4	+0.2	—
Dep. Fd. Init.	108.1	113.8	−0.3	—
U.K. Equity Fd. Inc.	143.7	150.4	+2.8	—
U.K. Equity Fd. Cap.	133.4	140.4	+2.7	—
U.K. Equity Fd. Acc.	143.1	150.4	+2.8	—
U.K. Equity Fd. Init.	142.4	149.9	+2.9	—
Int. Equity Fd. Inc.	125.6	132.2	+3.9	—
Int. Equity Fd. Cap.	117.0	123.2	+3.8	—
Int. Equity Fd. Acc.	125.6	132.2	+3.9	—
Int. Equity Fd. Init.	124.9	131.5	+3.8	—
Ret. Plan Ac. Pen.	132.6	142.5	+0.4	—
Ret. Plan Cap. Pen.	99.0	106.5	+0.3	—
Man. Pen. Fd. Acc.	250.8	264.0	+8.9	—
Man. Pen. Fd. Cap.	209.4	220.4	+7.3	—
Gilt Pen. Fd. Acc.	166.0	174.7	—	—
Gilt Pen Fd. Cap.	142.6	150.1	—	—
Prop. Pen. Fd. Acc.	219.7	231.3	—	—
Prop. Pen. Fd. Cap.	200.5	211.0	—	—
Guar. Pen. Fd. Acc.	133.2	140.2	—	—
Guar. Pen. Fd. Cap.	121.8	128.2	—	—

Transinternational Life Ins. Co. Ltd.
2 Bream's Bldgs., EC4A 1NU. 01-405 6497

♥Series 2 Man. Fd.	125.3	131.8	—	—
♥Series 2 Equity Fd.	130.9	137.7	—	—
♥Series 2 Prop. Fd.	130.6	137.4	—	—
♥Series 2 Fixed Int. Fd.	112.7	118.6	—	—
♥Series 2 Money Fd.	110.1	115.8	—	—
♥Series 2 O'seas Fd.	100.4	105.6	—	—

[illegible]

OFFSHORE & OVERSEAS FUNDS

[illegible]

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

INSURANCE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

FINANCE, LAND—Continued

OIL AND GAS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
37	21	Acmex 50c	35	......	Q2.5c	—	3.8
28	12	ACM 20c	16	......	—	—	—
19	14	Argosy Gold NL 25c	14	......	—	—	—
*199	46½	Bond Corp.	140	......	Q7½c	1.9	2.7
156	76	Bougainville I.Kina	81	+1	Q26.2c	♦	16.8
*350	214	CRA 50c	214	−4	Q19c	♦	4.6
25	11½	Canada Northwest	18	+½	—	—	—
42	8	Carr Boyd 20c	19	......	—	—	—
545	152½	Central Pacific	235	......	—	—	—
36½	9¼	Cons. Gold Min. N.L. 50c	35	......	—	—	—
47	17	Coitus Pacific N.L.	40	+1	—	—	—
52	20	Eagle Corp. 10c	26	......	—	—	—
41	15¾	Endeavour 20c	34	−1	—	—	—
600	275	G. M. Kalgoorlie 25c	310	−10	†Q13c	♦	2.2
46	13	Great Eastern	16½	......	—	—	—
*275	117	Hampton Areas 10p	210	−2	t2.5	2.4	1.7
*168	30	Haoma Gold N.L.	98	−2	—	—	—
95	15	Intl. Mining	45	......	—	—	—
390	11	Kitchener NL 25c	150	−5	—	—	—
720	55	Leichardt Expln.	60	......	—	—	—
500	300	Meekatharra	380#	......	—	—	—
48	7	Metals Energy	14	......	—	—	2.6
91	41	Metals Ex. 50c	49	−1	¶Q3c	2.9	3.0
39	8½	Metramar Mins. 20cts.	22	+1	—	—	—
284	150	M.I.M. Hldgs. 50c	194	−1	‡Q27.6c	1.7	‡
26	7	Minefields Expl. 25c	12	−1	—	—	—
155	60	Mount Lyell 25c	95	......	♦†Q15c	1.7	8.2
28	14	Newmetal 20c	14	......	—	—	—
69	13	Nickelore N.L.	44	−3	—	—	—
214	137	North B. Hill 50c.	158	+1	Q18c	3.1	6.0
*106	31	Nth. Kalgurli	52	......	—	—	—
165	90	Nth. Mining Corp.	116	+2	—	—	—
*144	24	N. West Mining N.L.	56	......	—	—	—
*132	52	Oakbridge 50c	120	−2	tQ12c	1.1	5.2
200	70	Otter N. L.	150	−5	—	—	—
240	128	Pacific Copper	172	......	—	—	—
620	255	Pancont'l 25c	550	−5	—	—	—
78	42	Paringa M&Ex.5p	47	+1	—	—	—
625	335	Peko-Wallsend 50c	395	−5	♦Q22½c	♦	2.9
230	85	Seltrust A	100	......	—	—	—
206	57½	Southern Pacific	93	......	—	—	—
100	31	Swan Resources 20c.	50	......	—	—	—
34	8	West Coast 25c	11½	......	—	—	—
332	177	Westn. Mining 50c	239	......	Q14c	1.6	3.0
45	10	Westmex	19	......	—	—	—
108	50	Whim Creek 20c.	50	−4	—	—	—
101	10½	York Resources	83	......	—	—	—

Tins

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
25	10	Amal Nigeria 1p	13	......	‡t6.0	—	—
370	255	Ayer Hitam $M1	300	......	‡Q205c	1.0	‡
72	42	Berait Tin	62	......	4.5	3.2	10.4
230	135	Geevor	135	......	‡8.4	1.9	‡
12½	8	Gold & Base 12½p	9	......	—	—	—
810	310	Gopeng Cons.	610	......	30.0	1.8	7.0
450	280	Hongkong	400xd	......	21.0	♦	7.5
145	90	Idris 10p	123	......	26.0	♦	7.0
15	12½	Jantar 12½p	15	......	1.5	♦	14.3
118	64	Kamunting $M0.50	98	......	‡Q80c	1.0	‡
675	150	Killinghall $M1	675	......	Q100c	♦	2.9
128	48½	Malay Dredging 10c.	114#	......	♦‡Q38c	0.9	6.4
43	26	Pahang	40	......	0.44	0.3	1.6
120	83	Pengkalen 10p	98	......	3.5	0.6	5.1
415	230	Petaling $M1	380	......	Q180c	♦	9.2
44	18	South Crofty 10p	21	......	‡1.0	♦	‡
305	200	Sungei Besi $M1	210	......	‡Q480c	1.1	‡
115	22½	Supreme Corp. $M1	110	......	gQ15½c	♦	2.7
125	90	Tanjong 15p	117	......	Z1.5	♦	1.9
115	78	Tongkah H. Tin $M[illegible]	85	......	Q23%	0.4	5.4
480	220	Tronoh $M1	385	......	‡Q250c	0.7	‡

Copper

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
260	130	Messina R0.50	225	−5	Q45c	4.7	11.4

Miscellaneous

1980-81 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
180	78½	Anglo-Dominion	157	......	—	—	—
97	40	Barymin	47	+2	—	—	—
17	12	Burma Mines 10p	14½	......	0.62	1.1	6.2
445	53	Colby Res. Corp.	211	......	—	—	—
502	200	Cons. Murch. 10c.	230	......	tQ30c	1.8	7.5
180	75	††Hemerdon 10c.	85	......	—	—	—
225	36	Highwood Res.	155	......	—	—	—
585	300	Northgate C$1	300	......	—	—	—
*486	322	R.T.Z.	420	+3	t16.0	3.2	5.4
£115	£93½	[illegible]	£101½	−½	Q9½%	—	f9.6
143	91	††SPO Minerals 10p	142	......	—	—	—
58	26	Sabina Inds. C$1	35	+1	—	—	—
51	29	††SWCM 10p	29	−1	—	—	—
650	411	Yara Expln. $1	475	−5	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.
- §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	41	......
Bertam	11½	......
Bdg'wtr. Est. 50p	545	......
Craig & Rose £1	£11¼	......
Fife Forge	41	......
Finlay Pkg. 5p	20	......
Graig Ship. £1	£20	......
Higsons Brew	70	......
Holt (Jos) 25p	390	+12
I.O.M. Stm. £1	160xd	......
Pearce (C. H.)	800	......
Peel Mills	82½	......
Sheff. Refrshmt.	93	......
Sindall (Wm.)	135	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£94	......
Nat. 9¾% 84/89	£75⅝	−⅜
Fin. 13% 97/02	£79⅝	−⅛
Alliance Gas	52	−2
Arnott	235	......
Carroll (P.J.)	83	......
Concrete Prods.	94	......
Heiton (Hldgs.)	30xd	......
Ins. Corp.	395	......
Irish Ropes	40	......
Jacob	40	......
T.M.G.	24	−1
Unidare	82xd	+1½

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
A. Brew	7
BOC Intl.	9
B.S.R.	4½
Babcock	11
Barclays Bank	40
Beecham	15
Blue Circle	30
Boots	20
Bowaters	20
B.A.T.	25
Brown (J.)	6½
Burton	18
Cadburys	6
Courtaulds	6
Debenhams	8
Distillers	17
Dunlop	7½
Eagle Star	22
F.N.F.C.	3½
Gen. Accident	30
Gen. Electric	50
Glaxo	22
Grand Met.	14
G.U.S. 'A'	48
Guardian	32
G.K.N.	16
Hawker Sidd	20
House of Fraser	15
I.C.I.	28
"Imps"	7
I.C.L.	9
Inveresk	3
Ladbroke	24
Legal & Gen.	20
Lex Service	9
Lloyds Bank	28
"Lots"	4
London Brick	6
Lucas Inds.	20
"Mams"	20
Mrks. & Spncr	9
Midland Bank	32
N.E.I.	7
Nat. West. Bank	32
P & O Dfd.	12
Plessey	25
Racal Elect.	32
R.H.M.	4
Rank Org.	16
Reed Intnl.	18
Sears	4½
Tesco	5½
Thorn	28
Trust Houses	18
Tube Invest.	18
Unilever	50
U.D.T.	4½
Utd. Drapery	6½
Vickers	14
Woolworths	5

Property

Stock	Rate
Brit. Land	8
Cap. Counties	12
Land Secs.	35
MEPC	20
Peachey	8
Samuel Props.	15
Town & City	2¾

Oils

Stock	Rate
Brit. Petroleum	36
Burmah Oil	19
Charterhall	12
KCA	22
Premier	10
Shell	40
Tricentrol	34
Ultramar	46

Mines

Stock	Rate
Charter Cons.	20
Cons. Gold	45
Lonrho	10
Rio T. Zinc	45

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 36

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £500 per annum for each security

FINANCIAL TIMES

Friday March 6 1981

New plant at Flixborough threatened with closure

BY SUE CAMERON, CHEMICALS CORRESPONDENT

FLIXBOROUGH, the chemical plant rebuilt for £35m after an explosion which killed 28 people in 1974, is threatened with closure.

About 400 people work at the plant, which has the capacity to produce 60,000 tonnes a year of caprolactam, the raw material used to make nylon yarn. But it seems set to lose its two biggest customers: Courtaulds, the troubled UK textiles giant, and the Dutch-based British Enkalon.

The plant, near Scunthorpe, reopened in 1979. It belongs to Nypro UK, which is jointly owned by the National Coal Board and Dutch State Mines.

Nypro yesterday admitted the plant was under threat. The company said it was "analysing the situation." Its board is expected to meet later this month to discuss the plants' future.

A week ago, Courtaulds said it was pulling out of the nylon yarn business, with the loss of 1,900 jobs in England and Northern Ireland.

In January, British Enkalon, part of the Dutch-based Akzo group, said it was cutting its polyester and polyamide textile yarn operations in Northern Ireland. It warned that both may be phased out completely.

The group said its nylon yarn operation at Antrim may also fold.

British Enkalon said it would cut its 2,000 strong workforce by about 800. But it has been holding talks with the Northern Ireland Office on the possibility of maintaining the nylon yarn operation. It is thought the works may survive with Government assistance, but a decision on this is not expected until April.

Akzo has dropped a plan to spend £40m improving the Northern Ireland production facilities.

The threat to the Flixborough plant is being taken seriously by the trade unions. Last night Mr. Roger Lyons, national chemicals officer for the Association of Scientific, Technical and Managerial Staffs, said: "We are making representations about the lack of strategy for modern, new technology plants like this. We are not prepared for our members to be the sacrificial lambs for plants like this which may have been built without any thought of marketing strategy."

The disaster at the original plant forced British nylon yarn producers to import caprolactam. British Enkalon estimated it lost £4m in 1974 as a result.

Textile imports, Page 5
Management feature, Page 15

Daimler-Benz buys Freightways truck plants for $225m

BY IAN HARGREAVES IN NEW YORK

DAIMLER-BENZ the West German motor manufacturer has agreed on terms with Consolidated Freightways of California to take over all of the American company's manufacturing interests for $225m (£102m). These include notably the freightliner truck manufacturing subsidiary of Freightways.

Daimler-Benz has also agreed to pay Freightways 15 per cent of any profits made by these loss-making operations in the next six years.

The agreement, approved by both company boards, will give Daimler-Benz a 9 per cent share of the U.S. heavy duty truck market.

The operations involved include three truck manufacturing plants in the U.S. and one in Canada, three plants manufacturing truck parts and some minor subsidiaries, including Consolidated Metco, which makes light metal castings and structural foam plastics used mainly in the electronics industry.

The German company will also take over two Freightways' credit subsidiaries and will gain access to Freightways' network of 210 North American dealers and the right to continue to act as sole U.S. distributor of Volvo trucks.

Mr. Bill Grant, of the Freightliner division, said he did not know whether Daimler-Benz would maintain Freightliner's ties with Volvo. The agreement on Volvo distribution is revocable by either side at any time. Daimler would not comment on this aspect last night.

Daimler-Benz will also inherit a place in the long drawn-out negotiations over the future of bankrupt White Motor's truck manufacturing business, for which Freightliner has been the leading bidder.

Mr. Grant said that White had recently rejected as too low Freightliner's first bid, but the possibility of a subsequent bid was still open.

Daimler at one time talked of bidding for White's truck interests itself, and may now work to complete a deal. Should it do so, it would win an aggregate share of over 15 per cent of the U.S. market and a broader and more complementary range of products.

White Motor confirmed its recent rejection of a Freightliner bid and said there were "no current discussions" between itself and either Freightliner or Daimler-Benz.

Consolidated Freightways is primarily a road haulage company. It earned $9.8m last year on sales of $1.6bn, but the company's manufacturing interests lost $16.6m at the operating level on sales of $589.4m.

Kevin Done writes from Frankfurt: Daimler-Benz has been cautiously developing its commercial vehicle presence in the North American market for several years. By taking over Freightliner, it will join the big league in the U.S. Freightliner's production last year was 11,000 vehicles.

With production facilities in West Germany, Argentina and Brazil, Daimler-Benz is already the world's biggest producer of trucks in this class.

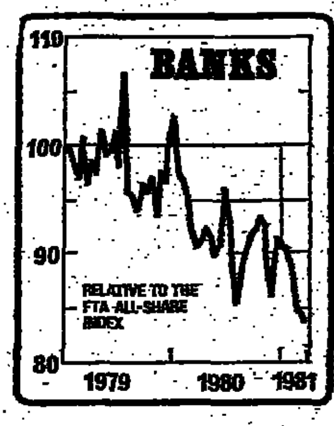
In 1979 Daimler-Benz produced some 62,422 trucks of 15 tonnes and above—compared to the 53,175 produced by its nearest rival, International Harvester, in the U.S., Canada and the UK (Seddon).

Until now Daimler-Benz has concentrated its attack in the U.S. market on the medium-weight range of trucks of 9-14 tonnes. Last year it opened its first U.S. truck assembly plant at a cost of $8.1m in Hampton, Virginia, with an initial annual capacity of 6,000 units.

THE LEX COLUMN

The clouds over the clearers

Index fell 3.8 to 496.2



Barclays' results are pitched in the middle ground between those of Lloyds and NetWest. Pre-tax profits for the year are 1 per cent lower at £523.5m, after a fall of 14 per cent in the second half. This compares with a 5 per cent rise for the year at Lloyds and a 7 per cent decline at NatWest. Barclays' share price fell 3p yesterday to 405p to where the yield is 8½ per cent.

The increase in international profits—up a fifth—has been rather less dramatic at Barclays compared with the other two clearers, and a slowdown in the second half suggests that the weakness of the dollar has been a significant factor. There is also just a hint that the experience in the U.S. has been less happy than it could have been.

Domestic profits have fallen by a tenth, which compares with a 5 per cent decline for Lloyds and a 20 per cent drop at NatWest. The relative picture is unchanged when the charges for provisions for bad and doubtful debts are added back in. Indeed, the sharp increases in charges notwithstanding, it looks as if the three clearers that have reported so far have adopted closely similar approaches to the level of provisions.

The early evidence suggests that the main reason Lloyds has shown the best UK performance is that it has controlled its staff costs more tightly, even though it may have been the most badly affected by customers switching from current to deposit accounts. Meanwhile, NatWest seems to have had the worst experience of the three, in terms of staff costs, although Barclays, whose staff numbers have jumped 7 per cent in the UK, cannot be far behind in this respect.

Factors like these mounting costs, the uncertainty over just how far interest rates will fall, and the threat of a windfall tax next week explain why the clearers' shares have remained in relative decline. But it may soon be time to think again, when some of the mists have cleared.

Davy Corporation

Davy Corporation's interim figures for the six months to September show how much the company needed the protection of the Monopolies Commission from the unwelcome Enserch bid which, had it not lapsed, would now be worth £2 a share. On turnover down by 15 per cent Davy has pushed reported profits ahead from £4.6m to £6.1m, but last year's first half figure was struck after a £3m exceptional provision. The interim dividend is unchanged for the second successive year.

The process plant industry is highly competitive at present, although on unusual or specialised contracts Davy is apparently winning work on acceptable margins. But the manufacturing businesses must be having a very difficult time, and there are £2.1m of closure costs below the line. Since Davy is not actually withdrawing from any operations, these might well have been charged against pre-tax profits.

For the full year Davy may produce something like £18m pre-tax, against £15.9m, well below the sort of figure it has shown it can earn in better times and with a weaker pound. This would put the shares on 13 times fully-taxed earnings at 152p.

This price in part reflects the new modishness of the contracting engineers since the Enserch bid, which can also be seen in the prices of Simon Engineering and Matthew Hall now that the words "high technology" have returned to the lips of brokers' salesmen. And although it is generally felt that Enserch will not be allowed to go ahead, there is some premium in the price for a possible bid from a UK group—names like BICC, Hawker and Northern Engineering are flying about. At any rate, the shares do not want to go down; after yesterday's 4p rise, the yield is 6.4 per cent.

Oil tax

The Accounting Standards Committee's latest exposure draft—No. 28—attempts to establish order in the chaos of oil companies' accounting for Petroleum Revenue Tax. Current practice varies from including the actual PRT paid in the accounts—as most U.S. companies—to averaging the likely payments through the life of the field. The main benefits of the proposed change is that it will allow direct comparability.

In practice the proposed change seems likely to affect LASMO most, since it will no longer be able to anticipate the protection of "safeguard." This might reduce its latest earnings figure by about a third. More vague are the proposals on uplift—and it is possible that these will be tightened up so that this allowance is amortised in accordance with oil production. In that case, the current levels of earnings at Burmah, Tricentrol, Ultramar and Charterhouse would be depressed. But ratings of such companies depend much more on asset values.

J. Bibby

Rather special things are expected of companies that are capitalised at more than current cost net worth. Still, J. Bibby's results for 1980 are very satisfactory—pre-tax profits are up from £9.7m to £10.8m, a further increase is forecast, and the dividend has been raised by 14 per cent.

Problems in the over-supplied turkey market and a downturn in paper have been more than offset by gains in animal feed, where Bibby has picked up share of a shrinking market during the Dalgety/Spillers rationalisation, and in edible oils, where major cost savings in production are now coming through. The laboratory supply company Sterilin, now a subsidiary, is growing fast, boosted by a series of small acquisitions.

Bibby's dividend is 3½ times covered by CCA earnings, and its recent track record is splendid. It is beginning to look, however, as though further growth from the existing businesses may be limited. Bibby is virtually ungeared, and it may want to make a big acquisition. At 272p, down 12p yesterday, the shares yield 3.8 per cent.

Investment abroad

The internationalisation of UK investment portfolios continues apace. In 1980, the first full year of foreign exchange freedom, portfolio investment in overseas securities is estimated by the CSO at £2.8bn, against £0.9bn. By the second half-year, in fact, the outflow was running at an annual rate of more like £4bn.

Sharp lift in overseas investment

BY DAVID MARSH

PURCHASES of foreign securities by UK investors increased sharply last year. Financial institutions and individuals took advantage of the strong pound and the abolition of exchange controls to move large amounts of capital overseas.

Britain's healthy balance of payments, bolstered by a record surplus on current account and large inflows into sterling from abroad, also allowed banks to make large increases in overseas lending.

Figures published yesterday by the Central Statistical Office show that overseas portfolio investment—mainly purchases of securities by the big insurance companies and pension funds—increased to £970m in the fourth quarter from £960m during the previous three months.

Portfolio investment abroad during the whole of last year jumped to £2.8bn from £890m in 1979.

This meant that Britain's best-ever current account surplus of £2.7bn last year was entirely channelled into a build up of private sector assets overseas.

Bank lending in sterling to foreign borrowers, which was heavily restricted before exchange controls ended in October 1979, increased by a further £900m in the final quarter last year.

As a result, the outflow of sterling in 1980, lent mainly to banks in other European financial centres, was £2.5bn compared with inflows of £300m in 1979.

Despite the big private sector capital outflows last year, the Government was able to repay just over £1bn of foreign currency debt and also to stock the official reserves by £290m.

Net inflows from abroad into sterling deposits with UK banks and gilt-edged stocks rose slightly compared with 1979 to £2.9bn and £1.5bn respectively.

New investments by foreigners in sterling deposits dropped in the fourth quarter compared with the third quarter as UK interest rates fell, while foreigners made small net sales of gilt-edged stocks.

Reserve holdings of sterling by foreign central banks—which increased by an overall £1.2bn last year—rose by only a small amount in the fourth quarter, as official currency flows were increasingly diverted into higher-yielding dollars.

Table, Page 8

Weather

UK TODAY

Cloudy with rain in places.

London, S.E. England, E. Anglia
Rain at first becoming brighter later. Max 9C (48F).

S. England, Midlands, Channel Islands
Rain clearing, becoming dry with sunny intervals. Max. 10C (50F).

S.W. England, Wales
Dry at first, cloudier later. Max. 12C (54F).

N. England, N. Ireland, I. of Man
Rather cloudy, occasional rain, drier later. Max. 8C (46F).

S., Central, N.W. Scotland
Cloudy, sleet or snow at times. Max. 4C (39F).

N.E. Scotland, Orkneys, Shetlands
Bright or sunny intervals, scattered snow showers. Max. 3C (37F).

Outlook
Unsettled with rain at times.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	14	57	L. Ang.†	R	10	50
Algiers	F	18	64	Luxmbg.	C	2	36
Amsdm.	S	4	39	Luxor	S	29	84
Athens	F	17	63	Madrid	C	14	57
Bahrain	F	19	66	Majorca	S	17	63
Barclna.	F	15	59	Malaga	S	17	63
Beirut	S	19	66	Malta	S	15	59
Belfast	C	5	41	M'chstr.	C	4	39
Belgrd.	C	6	43	Melbne.	C	19	66
Berlin	C	2	36	Mex. C.†		—	—
Biarritz	F	18	64	Miami†	S	22	72
Bmghm.	R	2	36	Milan	F	10	50
Blackpl.	C	5	41	Montrl.†	S	−8	18
Bordx.	S	12	54	Moscow	C	−2	28
Boulgn.	C	6	43	Munich	C	3	37
Bristol	R	7	45	Nairobi	S	29	84
Brussels	F	5	41	Naples	S	13	55
Budpst.	C	4	39	Nassau		—	—
Cairo	S	27	81	Nwcstl.	F	4	39
Cardiff	R	6	43	N York†	Sn	1	34
Cas'b'ca	S	17	63	Nice	S	15	59
Cape T.	S	30	90	Nicosia	F	20	68
Chicg.†	C	−1	30	Oporto	C	13	55
Cologne	F	3	37	Oslo	Sn	−3	27
Cpnhgn.	C	2	36	Paris	F	7	45
Corfu	S	15	59	Perth	F	23	73
Denver†	S	−6	21	Prague	C	1	34
Dublin	R	5	41	Rykjvk.	Sn	−4	25
Dbrvnk.	F	13	55	Rhodes	C	16	61
Ednbgh.	F	3	37	Rio J'o†		—	—
Faro	C	18	64	Rome	S	14	57
Florence	F	12	54	Salzbrg.	F	4	39
Frankft.	C	4	39	S F'cisc†	C	7	45
Funchal	S	19	66	S. Moritz		—	—
Geneva	F	7	45	Singapr.	F	30	86
Gibraltar	F	18	64	S'tiago†		—	—
Glasgow	F	3	37	Stckhm.	Sn	−6	21
G'rnsey	F	6	43	Strasbg.	C	5	41
Helsinki	S	−7	19	Sydney	F	23	73
H. Kong	C	18	64	Tangier	F	18	64
Innsbrk.	F	5	41	Tel Aviv	S	26	79
Invrnss.	S	3	37	Tenerife	S	18	64
I.o.Man	C	5	41	Tokyo	C	10	50
Istanbul	C	7	45	T'r'nto†	Sn	−2	28
Jersey	F	6	43	Tunis	F	16	61
Jo'burg	C	17	63	Valencia	F	16	61
L. Plms.	S	20	68	Venice	S	8	46
Lisbon	R	15	59	Vienna	C	4	39
Locarno	S	10	50	Warsaw	Sn	−1	30
London	S	8	46	Zurich	C	5	41

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

Ferries to be investigated

BY OUR SHIPPING CORRESPONDENT

THE GOVERNMENT has asked the Monopolies and Mergers Commission to investigate the activities of four of the leading cross-channel ferry/hovercraft operators and report back by the summer.

As expected, the proposed acquisition by European Ferries of Sealink UK has been referred to the commission. Between them the groups control three-quarters of the cross channel freight traffic and 61 per cent of the tourist car traffic.

The Government has also decided to refer the proposed merger between the two cross-channel hovercraft operators — Hoverlloyd and British Rail Hovercraft (Seaspeed). The two groups carry 2.5m passengers and 400,000 cars a year across the Channel which gives them about a third of the market for short-distance sea crossings.

The referral of the hovercraft merger has caused surprise in some quarters as both companies are losing money and argue they need to merge if they are to have a viable future. They have been the main casualties of the severe price war between the conventional ferry operators on the Channel.

The Commission has been asked to report back on the proposed Hoverlloyd/British Rail Hovercraft merger within three months. It has been given slightly longer (five months) to report on the European Ferries/Sealink UK acquisition.

Announcing his decision, Mr. Biffen, the Secretary of State for Trade, stressed that it remained the Government's firm intention that a controlling interest in Sealink should be sold to the private sector.

Mr. Keith Wickenden, the Tory MP and chairman of European Ferries, announced his intention to bid for Sealink on December 8, 1980. He said at the time that the main advantage would be a strengthening of the UK market position.

Mr. Michael Bosworth, Sealink's chairman, described the move as "an opportunist bid at a time of market depression." He said his company did not intend to be kicked around and become a pawn in a game between private sector companies or the political aspirations of individuals.

European Ferries' intended bid for Sealink partly reflects its awareness that the Government is going to find it difficult to sell a controlling interest in Sealink to the private sector. The BR subsidiary almost certainly lost money in 1980 and has to find more than £200m to re-equip its ageing fleet.

Merger referrals Page 6

Annexation of West Bank by Israel brought nearer

BY DAVID LENNON IN ELKANA, ON THE WEST BANK

ISRAELI ANNEXATION of the occupied West Bank of the Jordan was brought a step closer this week with the creation of independent municipalities in the area for three Jewish settlements.

The settlements have so far been under the jurisdiction of the Israeli military Government on the West Bank and their unilateral transformation into independent municipalities may contravene the international conventions governing the occupation of lands taken in war.

Mr. Nissan Slomiansky, the newly-elected mayor of one of the settlements—Elkana, said yesterday: "This is the last step before the annexation of Judea and Samaria (the West Bank).

"I told the Government they now have four months to complete the job, before the general election."

The villages have not only been granted municipal status but a magistrates court is also being set up next month to hear their civil cases. These were previously taken to the military governor or to courts in Israel.

The ceremony on Wednesday inaugurating Elkana as a local council was attended by Mr. Yosef Burg, the Interior Minister, and clearly reinforces the determination of Mr. Menahem Begin's Government to strengthen the Jewish settlements in the West Bank.

Mr. Begin is unlikely to annex the West Bank in the four months remaining before the general election. However it is clear that he is prepared to take other steps which appear to have the same effect.

This latest move is bound to complicate attempts by the Labour Party, if, as is expected, it is returned to power, to negotiate a peace agreement with either Jordan or the Palestinians on the basis of territorial compromise.

General Benjamin Ben-Eliezer, the West Bank military Governor, said last night that while the three settlements will have more budgetary independence, the law and authority in the occupied territories will remain technically vested in him.

"They can do nothing without my approval," he said.

But this view has not penetrated Elkana which stands near the coastal plain or the other two settlements concerned, Kiryat Arba beside Hebron and Maaleh Adumim east of Jerusalem, which can now establish their own bylaws and collect local taxes in the same way as villages in Israel.

Mrs. Marcia Slomiansky, the mayor's wife, said "We no longer have the status of settlements in occupied territory, but are like all villages and towns in Israel. Our operations will be subject to scrutiny by the Israeli State controller, which shows that we are recognised by the civil law as a part of Israel."

Still 7% for civil servants

BY MARGARET VAN HATTEM AND NICK GARNETT

THE GOVERNMENT is sticking to its 7 per cent pay offer to civil servants in a determined attempt to restore credibility to its public sector cash limits.

Lord Soames, Lord President of the Council, told the House yesterday that this was the final offer for non-industrial civil servants, who are due to begin industrial action on Monday. "That is simply as far as we can go," he said.

"Other groups like the local authority manual workers and the teachers in England, Wales and Scotland, are settling at about the same level," Lord Soames said. "It is evident from this that there is no question of discrimination against the civil service."

He appealed to union leaders to abandon their strike plans and to work with the Government to reform the system for determining civil service pay.

The nine civil service unions have called a one-day strike on Monday, which among other effects will result in the suspension of all scheduled airline services to and from the UK. The strike will be followed imediately by selective action including strikes by key computer staff which could seriously disrupt Government cash flow.

The Government however appears determined not to give an inch. Its recent humiliating capitulation to the National Union of Mineworkers on the issue of pit closures.

In taking on the Civil Service unions the Government has chosen its own battleground in the hope of restoring its credibility and thus averting a war of attrition with other unions.

Power workers reject offer, Page 9
Civil servants strike, Page 18

Formula for ceasefire brings Gulf peace closer

BY PATRICK COCKBURN

THE GULF WAR seems to be moving towards a ceasefire with the release yesterday by the Islamic mediation mission of the proposed terms for a truce.

The mission has proposed that Iraq withdraw its troops in two weeks' time, and together with Iran, submit their respective claims on border territory to negotiators from Islamic nations.

Negotiations are complicated, however, by the desire of both sides to present any peace agreement as an outright victory for their own side.

The mediation mission has felt able to present specific proposals for a ceasefire after weeks of fruitless negotiation in both the Iraqi and Iranian capitals mainly because of a change of attitude in Tehran. Ayatollah Khomeini and President Abol Hassan Bani-Sadr appear to have decided that total victory over Iraq is impossible.

President Bani-Sadr insisted yesterday in Tehran that an Iraqi withdrawal and a ceasefire should be simultaneous. The peace mission has suggested that a truce should start on March 12 to be followed by an Iraqi pullback which would start a week later and be complete within four weeks.

The crucial differences between the two sides remain the timing of the Iraqi withdrawal and the actual borders to which it will pull back. Iraqi President Saddam Hussein insists on the recognition of his country's rights to enclaves of territory ceded to Iran in 1975, in return for the late Shah of Iran withdrawing his support for the Kurdish rebellion in Iraq. President Saddam Hussein wants this recognition prior to a ceasefire.

The Islamic mission's proposals urge the combatants to agree on freedom of navigation in the Shatt-al-Arab waterway but a committee is to be set up under the mission's auspices to decide the long-term future of the waterway. Sovereignty over the Shatt-al-Arab has crucial symbolic significance for Iraq.

Bani-Sadr attacks revolutionaries, Page 3

Polish loans

Continued from Page 1

presented to them yesterday by the Polish delegation which was led by Mr. Jan Woloszyn, deputy president of Bank Handlowy, the country's foreign trade bank.

The bankers said it would take time to study the stability programme of which a key target is the elimination of the country's balance of payments deficit by 1985 or 1986.

Poland hopes to reach agreement with Western banks at the same time as an agreement with its Western government creditors. Documentation for this part of the rescheduling operation should be ready by the end of April.

A task force from the Western government creditors, who are understood to have agreed in principle to reschedule export credits, is flying to Warsaw on Monday for talks on details.

This will be followed by a further round of talks in Paris in early April, by which time it is hoped substantial progress can be made.

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